

# The CTF invites the world...

**June 13-14, 1998**  
**Whistler, B.C.**

**In this issue:**

- WTC speakers and topics  
Registration form enclosed
- Alberta's experiment with charter schools
- The Golden Mean
- MPs grab their share of fiscal dividend
- Privatizing Social Security

**The Canadian Taxpayers Federation**  
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# Vol 9 no 6/97

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### Information:

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit organization. Our three-fold mission is: 1) To act as a watch dog, and to inform taxpayers of governments' impact on their economic well-being; 2) To promote responsible fiscal and democratic reforms, and to advocate taxpayers' common interests; 3) To mobilize taxpayers to exercise their democratic responsibilities. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will contributions. *The Taxpayer* is published six times a year and is mailed out from Regina to CTF supporters. For more information write: the Canadian Taxpayers Federation, #105 -438 Victoria Ave. East, Regina, Sask., S4N 0N7, or phone our toll-free number: 1-800-667-7933. All material in *The Taxpayer* is copyrighted. Permission to reprint can be obtained by writing the address above. Editorial cartoons are used by permission. Printed in Canada.

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# The CTF invites the world

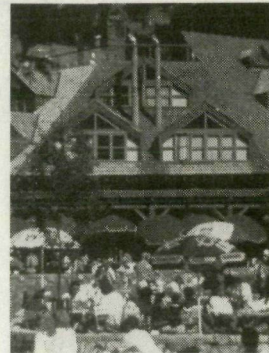
It is our pleasure to invite you to attend the World Taxpayers Conference that will take place this June 13-14, 1998 in beautiful Whistler, British Columbia,

ninety minutes north of Vancouver. Appropriately, the first-ever conference of its kind in North America will take place in the jurisdiction that boasts the continent's highest marginal tax rate at 54.5%!

But don't think that high taxes, wasteful government spending and unaccountable government are the exclusive purview of Canada and its provinces. In fact, activists from every corner of the globe fight these same issues. So ten years ago an organization was founded to provide support for, and exchange information among, the growing number of taxpayer activists world wide.

Today, the Stockholm, Sweden based Taxpayer Associations International (TAI) is comprised of 20 member organizations in 15 countries on five continents. (See the article on page 11 written by TAI president Bjorn Tarras-Wahlberg.) The Canadian Taxpayers Federation joined TAI in 1992 and played an active role in supporting the emergence of a taxpayer organization in Hungary.

I'm pleased to report that the Hungarian Taxpayers Association has done very well. So well in fact, that the Association co-sponsored TAI's biennial World Taxpayers Conference in June of 1996. It was there that the Canadian Taxpayers Federation was invited to host the next World Taxpayers Conference. We were honoured. And I hope you will take the opportunity to make



your way west this summer to attend what promises to be a tremendous event.

The conference is scheduled for three days. TAI will hold its meeting on Friday June 12 and

then join delegates from across Canada the following two days for plenary sessions, workshops and fellowship. We already have delegates confirmed from four continents. This conference is a unique opportunity to meet taxpayer activists from around the globe: to learn from their successes and failures and to share some of our own. Several articles in this special conference issue of *The Taxpayer* are dedicated to some of the topics and speakers both Canadian and international that will be in Whistler this June.

We have made every effort to keep our costs down so that you are able to attend. Inside this issue you will find a registration form. Conference information and registration is also available on our web site at [www.taxpayer.com](http://www.taxpayer.com). Once you register we will send you information on accommodations. Because so many people are planning to attend we have rooms that are available for under \$100 a night on a first come first serve basis.

I hope you will decide to join us and take advantage of your CTF hosting this significant event. Bring your whole family and tie in a vacation. Whistler has a great deal to offer. I look forward to seeing you there.

*Troy Lanigan  
Victoria, B.C.  
National Communications Director,  
Co-chair of the WTC 1998*



In November, the Canadian Taxpayers Federation (CTF) released a study which showed that Ottawa will be yanking an additional \$48 billion out of the Canadian economy through the CPP increases scheduled between 1997 and 2003. Using data from the *16th Actuarial Report*, Mark Milke, provincial director in Alberta, calculated that if Ottawa held the CPP premiums to their current rate of 5.6% it would collect \$109.9 billion in premiums during this period compared to \$157 billion under the new rates.

Employees earning the maximum pensionable income of \$35,800 a year will see an additional \$2,883 taken from their salary over this six-year period. For the one in five Canadians who are self-employed and must pay both the employer and employee contribution, \$5,764 will be taken from their income over this same period for the same salary.

"Handing \$48 billion more to the feds over the next six years is not a solution for a more secure retirement. It is not a solution for the unemployed who seek opportunity in a growing economy," said Walter Robinson Federal Director for the CTF.

Repeated studies have confirmed that these types of tax increases cost thousands of jobs.

- ◆ In June 1996, the federal department of finance stated that CPP increases between 1986 and 1993 cost the Canadian economy 26,000 jobs.
- ◆ A 1992 study by Ernst and Young revealed that for every million dollars in retail sales removed from the economy approximately seven jobs are lost. Though they specifically looked at the impact of cross border shopping, it still showed

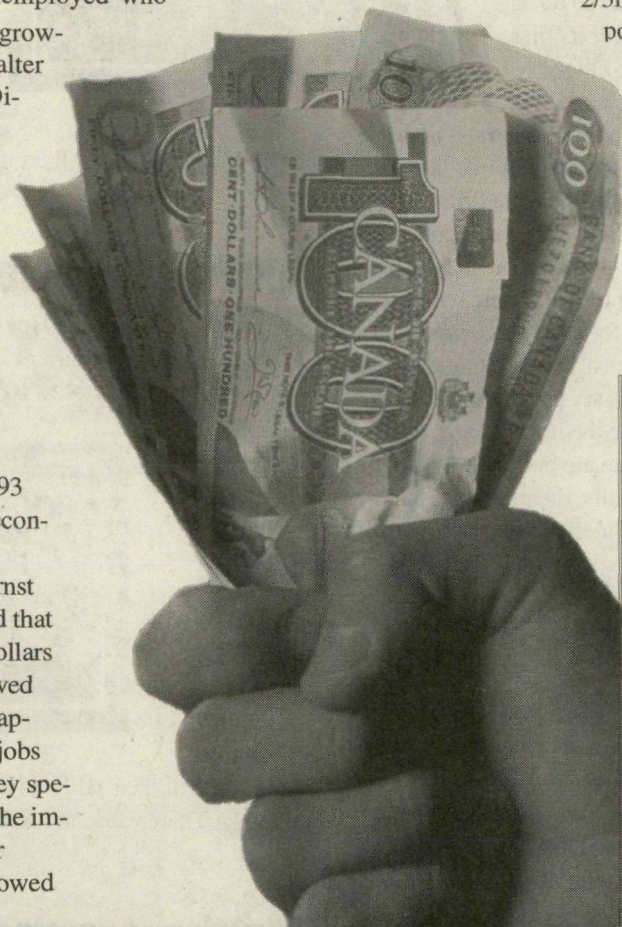
what happens when money is removed from the economy.

- ◆ An August 1995 study by the Bank of Canada stated that the federal and provincial government may have killed 130,000 from 1989 to 1993 by simply raising payroll taxes by 3%. This increase in taxes "is estimated to have reduced the level of employment by 1% in 1993."
- ◆ A study done at the economics department at Lakehead University concluded that a 1% increase in payroll taxes eliminates between 25,000 and 40,000 jobs. Martin plans to increase CPP from 5.6% to 9.9%.

If these results hold true, the effects could be devastating. Between 1997 and 2003, Ottawa plans to rip an additional \$8.3 billion out of the B.C. economy, \$6.1 billion from Alberta, \$1.7 billion from Saskatchewan, \$2.2 billion from Manitoba and \$24.8 billion from Ontario.

What's amazing about this job pillaging is that the provinces have gone along with it. Ottawa needs the support of 2/3rds of the provinces with at least 2/3rds of the population to go ahead and so far only Saskatchewan and B.C. have withheld their consent.

The CTF repeated its call for 'real pension reform' through the option of a Mandatory Retirement Savings Plan (MRSP) as a preferable alternative to the government's current direction. The government's proposed reforms supported by 8 of 10 premiers, are not sustainable, not affordable and patently unfair. ■



**The CPP tax grab**  
Job killer ready to strike again...

### Costs of CPP increase

Breakdown by province of how much Ottawa will take out of provincial economies through the scheduled CPP increases between 1997 and 2003.

Province	Amount
Newfoundland	\$860,411,000
PEI	240,283,000
Nova Scotia	1,639,094,000
New Brunswick	1,333,188,000
Quebec	90,033,000
Ontario	24,829,284,000
Manitoba	2,182,163,000
Saskatchewan	1,782,792,000
Alberta	6,094,146,000
B.C.	8,380,835,000
Yukon	89,157,000
N.W.T.	195,767,000
Outside Canada	86,040,000



# Waste Watch

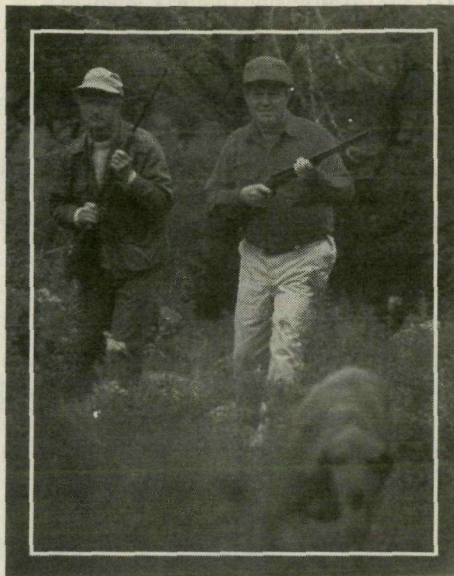
## Fired up over gun registry costs

The Department of Justice's new firearms registration program which is set to take effect October 1, 1998 will cost more to implement than the \$85 million Ottawa said it would initially cost. In fact, Department officials are now saying the costs of implementing the plan, which required all gun owners to register and license any guns they own, will cost taxpayers at least \$183 million over its first five years. However, others have suggested these costs will easily exceed half a billion dollars. It appears that the gun registration act will increase the size of the bureaucracy and raise taxes. The fees for firearms include a 5-year license fee for each firearm that will start out at \$10 for five years increasing to \$60. There will also be a registration fee for each gun owner which will initially cost \$10 a year and rise to \$18 a year. Currently, six provinces and territories are challenging the law in court; the challenge and defence are both being paid for by taxpayers. Hopefully, the provinces can bring this costly and ineffective program to an end.

## I want out

The following letter was printed in the October 20<sup>th</sup> issue of *Macleans* Magazine.

"I write as someone who is under 40 and wants out of the Canada Pension Plan. Allegedly, the Canadian public overwhelmingly wants to retain the plan, but anyone under 40 who sifts through the mathematics of your article ["Getting ready for retirement" September 29<sup>th</sup>] could not want to remain part of the

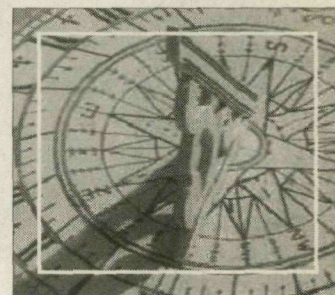


CPP ripoff. Would the federal government mind if I politely asked to bow out? I promise I will not spend the money or lend it to anyone (read the provinces) at ridiculously low rates. And I'm willing to bet that I will do a lot better than the two-percent return the CPP now receives." John Sto-

dalka, Medicine Hat, Alberta

## Rolling back time

When in session, the House of Commons is supposed to adjourn at 2:30 p.m. each Friday. However, on October 10<sup>th</sup> just before the Thanksgiving long weekend, an interesting notation can be found in Hansard, the official record of the debates in the House. At 1:27 that Friday afternoon, MP Milliken said, "Is it agreed that we call it 2:30." There were no dissenters.



## Surprise, surprise

It's a poor joke, but on April 1, 1999, the federal government will be setting up a new terri-



# Waste Watch

tory in the eastern arctic known as Nunavut. Initially, Ottawa had budgeted \$150 million for establishing the new territory, but with just 15 months to go, the territorial government has been hinting that the costs for establishing it will be nearly double. In fact, they are estimating that another \$136 million will be needed just to complete the transition. And, with nearly a year and a half to go, who knows how much more money will be needed. This miscalculation should strike fear into the hearts of every taxpayer. The costs for Nunavut in its first 14 years are estimated at over \$1 billion. With the first set of costs nearly double, taxpayers should brace for the worst.

## Turning the tables on the hunters

**E**ach year, the New Brunswick Department of Education pays out \$13 million for substitute teachers to cover for regular teachers absent due to sickness. However, this year, the New Brunswick government hopes to be able to cut down on some of this absenteeism by keeping track of which teachers are purchasing licenses to hunt black bears, deer and moose. As if three months of free time each year isn't enough, a number of teachers have apparently been booking off sick to go hunting. The government appears ready to turn the tables and the hunters will now become the hunted.

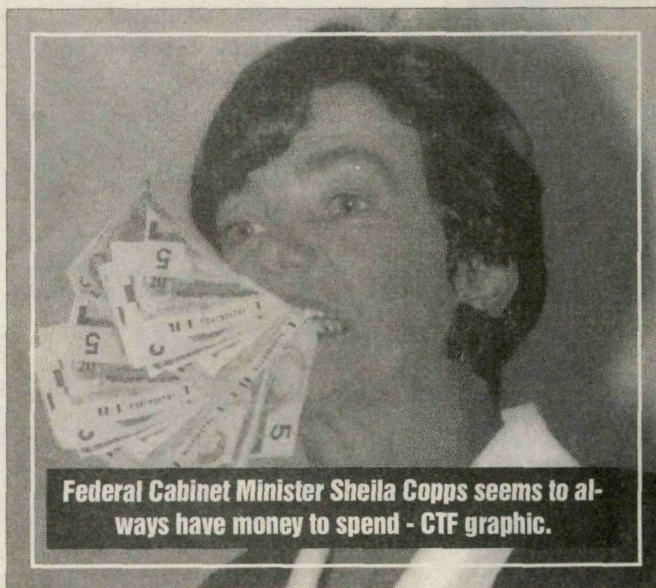
## 2 steps forward, 5 steps back

**S**heila Copps, the Minister in charge of Canada Heritage, recently sent a cheque for an additional \$25 million to Canada

Council. The Canada Council has gained notoriety for being a slush fund for the arts. Over the past five years, the Council has seen its funding cut back from \$108 million in 1992-93 to its current level of \$100 million. The cuts dramatically improved the efficiency at Canada Council, because it has been able to maintain its same level of funding to the arts primarily because of increased efficiencies in administration where it cut costs by nearly 50%. Therefore, the new money being given to Canada Council was totally unnecessary since the funding to arts groups hasn't actually dropped. Perhaps the bureaucracy at Canada Heritage, embarrassed by the efficiencies that have been shown at Canada Council, decided to pump money back into the program before people start expecting similar performance in the rest of the department.

## Payback time

**A**pproximately one in five students fail to pay back their student loan leaving taxpayers on the hook. In 1997-98, the total amount in defaulted student loans will exceed \$350 million. It seems a significant number of these people who have refused to pay their student loans are now



**Federal Cabinet Minister Sheila Copps seems to always have money to spend - CTF graphic.**



# Waste Watch

employees of the federal government. In fact, the feds have a list made up of 3,500 former students who have defaulted and are now working for the government. Ironically, the two departments with the largest number of defaulters are Revenue Canada, which manages the collection program, and has approximately 900 employees in default, and Human Resources Canada which manages the student loan program, with 446 in arrears. In total, it is estimated government employees owe taxpayers of this country nearly \$28 million.

## Brace yourselves

**W**ith the federal government planning annual increases in CPP premiums until the year 2003, Canadians better start preparing themselves for smaller pay cheques. The sad thing about these increases is that along with this the feds are also planning to reduce how much you could earn in CPP pensions. In typical government efficiency, you will be paying more for less. In 1998, an individual earning \$35,800 will pay an additional \$93.24 in CPP premiums over 1997. Individuals earning salaries of \$25,000 will pay an additional \$63. This is a result of the CPP premiums increasing from 6% to 6.4%.

## Trying to salvage \$365 million?

**T**he Human Resources Department is pulling out of a deal to develop a computer system designed to manage its income security system. The department had already spent \$365 million in designing the program but decided to pull out of the contract because it would not be ready by the scheduled 1998 completion date. The project was

also encountering serious cost overruns and was going to cost millions of dollars more to complete. The Department has decided to try to finish the project on their own. It appears to be a desperate move to try to salvage what is left of the project.

## Who would want to leave this jail?

**O**nly in Canada do jails seem more like Club Meds than places of incarceration. The Ontario government is starting to question some of its expenses at its youth jails where the government is spending approximately \$500 a day for each of its inmates



ranging in age from 12 to 15 years. At this rate, it would be almost cheaper to put them up in the Hilton. This amounts to nearly \$189,000 a year for each individual, and much of this goes to keep the inmates entertained with extra curricular activities including such things as lessons for skiing, badminton, swimming, and even Tai Chi.

## In the bonus round

**A**n access to information request by CTV uncovered that 2,900 senior bureaucrats were eligible for secret bonuses in 1996.



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The total paid out was approximately \$12 million, averaging \$4,300 each. The managers were rated on a scale of 1 to 5, with those graded "three" eligible for a bonus of 2.5% of their salary, "fours" received 5% while "fives" received 10%. The managers eligible for this bonus received salaries between \$61,000 and \$125,000. Bonuses are not necessarily a bad thing, if they provide the right incentive. However, in this instance they were little more than a salary increase as 97% of the managers eligible for the bonuses received them. Some have suggested that it was little more than a cleverly disguised method for senior bureaucrats to get around the salary freeze Ottawa had imposed on its bureaucracy.

and free air travel to and from Ottawa. The best part about it all is you never have to show up for work and you have no fear of getting fired. It sounds too good to be true doesn't it? However, if you are a Senator in Canada, this dream world is a reality. In fact, it was just recently discovered that over the past seven years, Senator Andrew Thompson only showed up for 12 sittings. He spends about four months a year in Mexico. He still remains a Senator with all the salary and perks to go along with it. Only when the problem became head line news, did the Senate act, stripping Thompson of his research/staff allowance and free flights. However, he still retains his annual salary for not showing up for work.

## Trading hospital beds for airplane seats

**A**lthough the Saskatchewan government has been closing down hospital beds in their province, politicians will continue to ride in style. The government has purchased a used Beechcraft King Air 350 for \$3.75 million from a British company to replace an older plane which was a part of the Executive Air Fleet used to fly Cabinet



Ministers around the province.

## Absent without leave

**I**magine getting paid a \$64,000 annual salary, a \$10,100 annual tax-free allowance, a \$50,000 a year office and research budget,

## An expensive expense account

**A**ccording to reports, the federal government is going through the motions of trying to release the chairman of its Labour Board, Ted Weatherhill. The reason: Canada's Auditor General, Denis Desautels, exposed an apparent abuse of the chairman's expense account. Between May 1989 and March 1997, Weatherhill spent \$70,700 for 1,400 meals across North America. If he had spent according to the Public Service guidelines — up to \$8.80 for breakfast, \$9.40 for lunch and \$25 for dinner, Weatherhill would have only been able to spend \$19,400.

As well, between June 1991 and March 1996 on trips to Europe, the Chairman's average per person cost for lunch was \$180 and for dinner \$195. It appears that Weatherhill is planning to fight his firing through the courts. ■





# Ever growing governments

**W**hile many people might believe the role of government in the economy is shrinking, a recent feature in *The Economist* shows that in reality, government continues to grow.

Government has grown throughout the century, in industrial countries, through good times and bad. In 1920, the spending for our various levels of government was a 13.3% of GDP (size of the country's economy). Average government spending worldwide was at 15.4% of their respective economies. Globally, that number had risen to 45.9% in 1996, and Canada's government spending has risen to 44.7% of GDP.

Obviously, government spending, far from waning, is actually growing. But what is driving this growth?

Three important areas of government spending have had an impact on ballooning budgets, deficits and the corresponding debt.

## GOVERNMENT CONSUMPTION:

**D**elivery of services to the public such as health, education and public pensions, has risen sharply in relation to the size of the economies of various countries. This should imply that there is a continual improvement in the quality of those services. However, economists studying public sector spending have found that productivity does not rise as quickly as it does in the private sector. This slow moving produc-

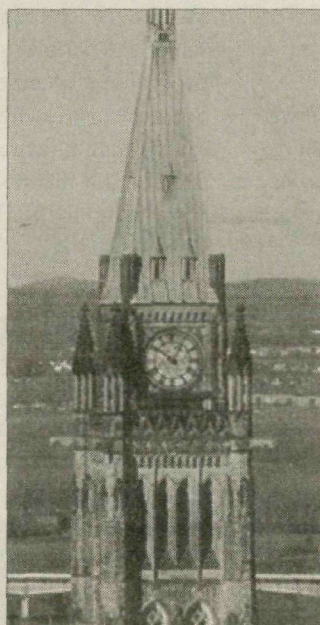
tivity is referred to as "Baumol's Disease", and explains, in part, the enormous increase in public service spending.

## TRANSFERS AND SUBSIDIES:

**S**ubsidies and transfers are the most significant areas of increased government spending since 1960. These social programs include support for the poor, disabled, single parents and the elderly. According to the International Monetary Fund, in the 30-year period between 1960 and 1990, transfers and subsidies globally rose from 15.2% of GDP to 22% of GDP. This period, often referred to as the golden age, is the time when government spending on subsidies and transfers exploded around the world. Interestingly, the increased spending on social programs didn't occur during times of great need in these countries — such as war or the Great Depression. It came during the time of relative economic prosperity and stability.

## INTEREST PAYMENTS:

**I**nterest payments on debts governments have incurred by continually practicing deficit financing, each year spending more than what they receive in revenues, represent an ever increasing area of government expenditures. In Canada, the net result of decades of overspending has resulted in a debt of more than \$600 billion. Last year, of this amount, \$104 billion was the result of unpaid interest. This means that only 7.7% of the federal debt or \$44.3 billion is a direct result of overspending and the remaining is due to unpaid interest. Similar dilemmas face governments worldwide as they try to balance public expectations with fiscal reality. ■





## DOES MORE SPENDING MEAN BETTER GOVERNMENT?

The results are in, and when it comes to government spending, the answer is a definite "no."

Governments across the globe have rapidly expanded social program spending over the past three decades. But, contrary to what many would have expected, the result of social programs in countries where big government prevails is no better than the ones where governments' role is small.

A study by *The Economist* divided the advanced countries of the world into two categories where public spending in 1990 was more than 50% of GDP, and in countries where government spending was less than 35% of GDP. What they found in the two major areas of health and education was that despite huge discrepancies in spending per capita, the end result was virtually the same.

Take healthcare. Average life expectancy in big government countries was 78 years, and in small government countries 77.8 years. As well, differences in infant mortality rates were insignificant, coming in at 6.0 deaths out of 1,000 births in big government economies, and 5.5 per 1,000 in the small government group.

Turning to education, the United Nations Development Program was used as a benchmark. The program calculates what they call a "composite school enrollment ratio," weighing together the proportion of children attending school at different ages, whereby the higher the ratio the better the school is doing. The ratio was 85% in big government countries versus 78% in the small government group. Further, adult literacy is very low in both groups, and interestingly, in a recent study that compared students' math and science skills on an international scale, the small government countries achieved better results than the big government ones.

To further fuel the problem, governments tend to be inefficient providers. Generally, they maintain health and education as a monopoly either because competition is not allowed, or because the service they are providing is considered to be "free" in contrast to the private sector counterparts which involve

extra expense. In these public sector monopolies there is usually little incentive to be innovative or as efficient as a private sector provider would be. Lack of competition leads to tax dollars being spent inefficiently.

In order to pay for these services, governments

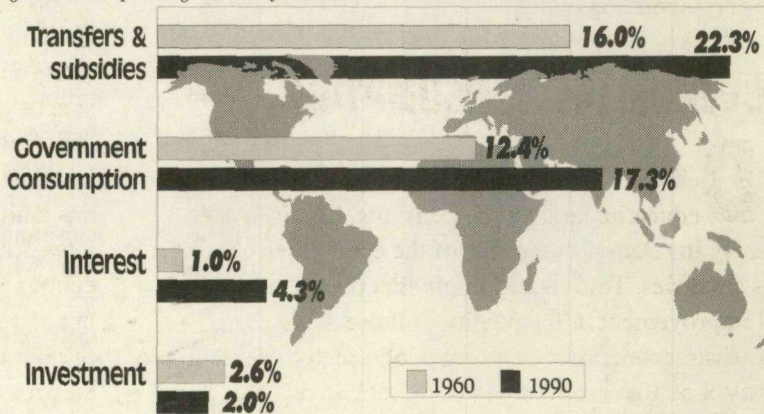
have had to impose higher levels of taxation in the big government countries, which has a detrimental effect on the economies. In fact, *The Economist* states that "taxes, even if they pay for worthwhile things, impose an inescapable economic burden, called a deadweight cost. It also shows that this cost rises more than proportionately as taxes go up."

The argument is that big government produces diminishing returns. When government involvement in the economy is lower, then the deadweight cost of taxes is compensated for in the gains in the economy. Conversely, the more government involvement, the more sluggish that economy will be.

History has shown that wherever possible to leave the marketplace in command, versus the state, the results will almost always be better. Big government won't automatically provide the people of these countries with a better life, and the sooner that trend changes, the better off these people will be. ■

### The ever-increasing greed of government

Where governments worldwide have been spending tax dollars. A comparison of government spending as a % of GDP in 1960 and 1990. Source: IMF and *The Economist*





Big government spending has failed to provide better results, so now the dilemma facing leaders worldwide is how they are going to protect their least fortunate citizens.

According to *The Economist*, a blend of better education and lower taxes is the most effective way for a government to produce a strong economy, and at the same time yield a strong society.

For example, when it comes to the area of education, the level of public spending has had little to do with the results students have achieved. Since it represents one of the biggest areas of public spending in most advanced economies, then it has to be looked at seriously in how better results could be achieved at a lower price.

The government could continue to manage the education process; however, there are options to an open ended funding arrangement, which could lead to efficiencies. One such avenue is by giving parents purchasing

power with the use of vouchers. While parents theoretically pay for their children's education through their income and property taxes, realistically they have very little input into the process. By moving to such a system, parents would be encouraged to "shop around" for the school that best meets their needs. Schools, therefore would have to be more efficient and provide what par-

ents are looking for.

Health care is another area where a reduced role by the government could lead to a better system. Similar to education, a voucher system would give patients purchasing power when it comes to their

health care. Doctors and medical institutions would be forced to become more competitive.

Finally, another huge opportunity for government to streamline its spending and resources is in the area of public pensions. Taxpayer-financed social security programs in the

United States cost more than \$300 billion a year, which represents 5 % of its GDP. In many European countries, spending on pensions comes in at around 10 % of GDP. Almost all of these countries use the same "pay-as-you-go" system that Canada's CPP is built on. Rather than saving and investing these contributions for people when they retire, governments turn contributions directly over to those currently retired.

Unfortunately, most of these countries are faced with aging populations, which means that the ratio of working people to retiring people is out of balance. To pay for these pensions, payroll taxes have to increase. This pyramid type arrangement is bad news for taxpayers. As an alternative, governments could continue to collect the money for wage earners, but rather than giving it directly to retirees, it could be invested in a personal retirement savings account. Then workers could predict that their retirement income would be based on what their contributions have been.

By assuming a smaller role in these three big-ticket areas, governments will see greater efficiencies, and overall their citizens will be better off. This will be accomplished as lower public spending gives way to lower taxes, which will not only produce better opportunities to business and skilled people, but in turn will also increase opportunities for the less fortunate. ■

## Protecting social programs





# Join us at the WORLD TAXATION CONFERENCE

**June 13-14, 1998, Whistler, B.C.**

Co-sponsored by Taxpayer Associations International and the Canadian Taxpayers Federation

**T**axpayer Associations International (TAI), founded in 1988, is a federation made-up of taxpayer associations throughout the world. It has 19 member associations from 15 countries on five continents. Its purpose is to protect citizens from ever increasing tax claims by the state.

As part of its mandate, TAI holds a World Taxpayers Conference in which issues of concern to taxpayers around the world are discussed. We are delighted that the Canadian Taxpayers Federation has agreed to co-sponsor our sixth conference to be held in Whistler, British Columbia, June 11 - 14. Our last conference was held in June 1996 in Budapest, Hungary.

Working for lower taxes, more individual freedom and greater government efficiency, TAI supports legislation to limit tax burdens, the unjust harassment by tax collectors, and to provide clear information about government taxation and expenditure policy. TAI's aims are:

- To stimulate contacts and exchanges of information between the different organizations;
- To spread the taxpayers' movement to other countries;
- To stimulate comparative studies of public expenditure and taxation;
- To enable members in one country to receive assistance on tax matters from associations in other countries; and
- To stimulate research on the effects of taxes and government spending on economic development.

We have associations from all over the world: some very big and some quite small. The oldest of all these associations is the Australian Taxpayers Association which was established in 1919. Today, it has 12,000 members and is led by Mr. Peter McDonald who is National Director. The youngest member association is the Slovak Taxpayers Association which was founded in 1996. Located in Bratislava, it is led by Dr. Jan Oravec.

The second oldest is the Swedish Taxpayers Association of which I have been president since 1985. Established in 1921, it has 182,000 members in a county of only 8 million citizens. We have

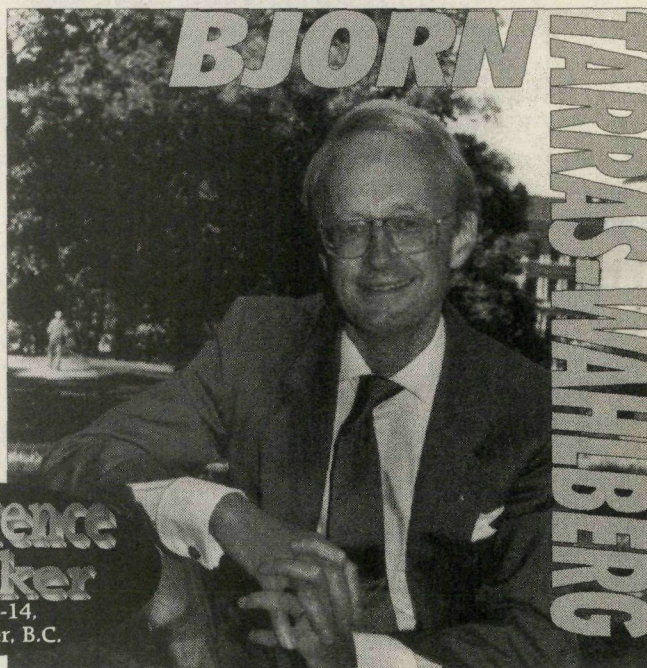
our own building in the centre of Stockholm, where 25 people are employed giving tax advice to members. We also have three economists who deal with government waste and spending. In 1991, we succeeded in cutting income taxes from 84% to a maximum of 50%.

The biggest group is the German Taxpayers Association which was established after the war in 1949. Efforts were made to start an association in the 1930s but it was brutally stopped by Adolf Hitler and his forces. Today, this association has more than 440,000 members. The president is Dr. Karl Heinz Dake who works from Wiesbaden.

Another organization that may be of interest to Canadians is the French Taxpayers Association. Founded in 1990, it has over 100,000 members. The founder is Mr. Franck Laarman.

As president of TAI, let me say how much we look forward to our gathering in Canada. I hope many of you will take this opportunity to join us. ■

Bjorn Tarras-Wahlberg, President of the Taxpayers Association International, Stockholm, Sweden.



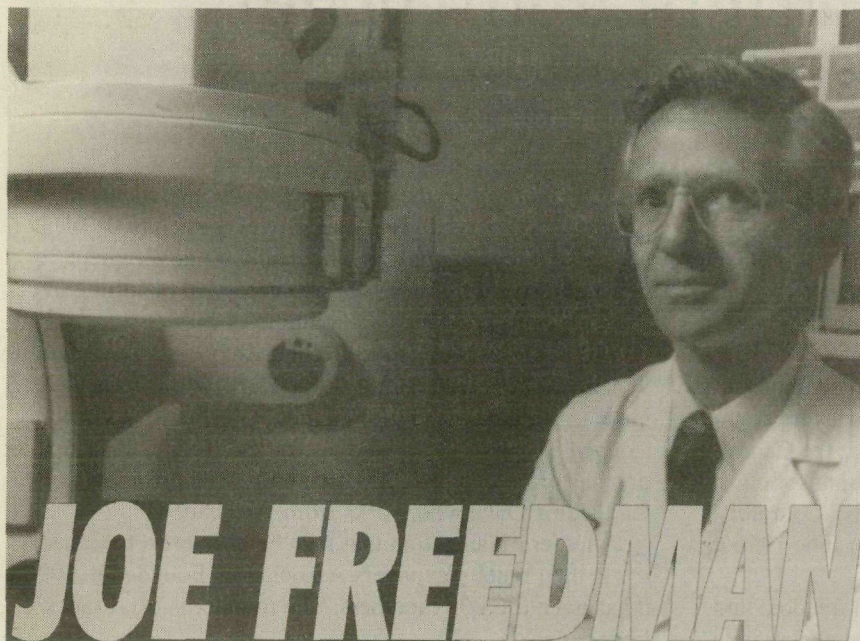
## WORLD TAXATION CONFERENCE

*June 13-14, 1998 - Whistler, B. C.*

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# Alberta's experiment with Charter Schools



flawed spiral mathematics curricula, an obsession with "discovery learning," anecdotal report cards and the integration of all kinds of diverse students at the expense of a coherent classroom. Administrative focus was on the various processes in the system, not on educational outcomes or the wishes of the parental clients who provided their children and the money. Eventually, the many problems became evident to users of the system, taxpayers and governments. The problem was what to do about it. After all, this involved children and one of society's sacred cows: the public school.

Possible solutions ranged from allowing the system to fix itself all the way to giving vouchers to parents. Clearly, school systems have little incentive to radically change what they do unless serious pressure is directed at senior bureaucrats. Why? Because

the money and the students still show up every September no matter what is done at central office. And even when a reform-minded educator shows up and tries to shake up the system, his hands are largely tied because of "the book of rules", i.e., hundred-plus page contracts with teachers' unions, volumes of government regulations, and control of educational thought by the colleges of education that train all the teachers. In the end, only minor tinkering is possible by potential reformers. On the other hand, when they have a mind to, the senior officials in charge are capable of (and often rewarded for) sudden lurches in strange directions (witness the series of unproven U.S. educational fads that schools in Canada and elsewhere have had to endure and watch abandoned over the years). At the other end of the reform spectrum, the educational voucher is an appealing public policy mechanism



**P**ublic policy on the fly. That aptly describes Canada's first experiment with a new form of public school. Like those in other jurisdictions, Alberta's legislators were increasingly fed up with business as usual in public education. They watched helplessly for years as vast sums of tax money flowed into large multi-layered bureaucracies with results that were too often poor or mediocre. To the powerful mandarins running a stable of schools, accountability seemed a dirty word and client responsiveness a foreign concept. So Alberta's government acted. In May of 1994, the *School Amendment Act* was passed into law and the charter school idea came to life in Canada.

**T**he problem is that taxpayer-financed public education is a monopoly. As with a host of other publicly provided services, what seems high-minded and unassailable at first, becomes distorted, inefficient, extremely costly and inequitable over time. In Alberta, for example, this inefficiency included reading programs that flew in the face of research findings,

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that would clearly result in rapid and substantial change. However, fears of elitism and the possible segregation and exclusion of students makes any discussion of the concept, let alone implementation, almost impossible.

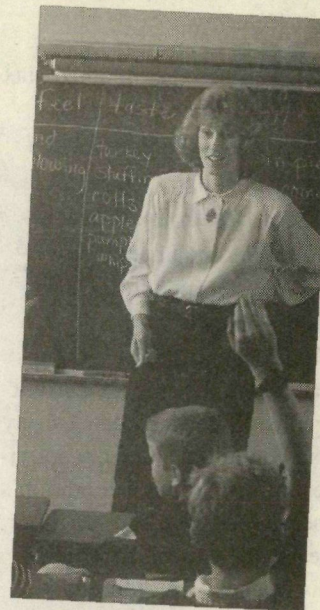
**T**he charter school idea as practiced in Alberta is a solution to the quandary of educational reform. It represents middle ground between letting school systems fix themselves and the voucher concept. A charter school is an independent public school. Its charter is a contract with government to provide public education in a new way without the usual school board governance, teachers' unions and the inches thick "book of rules." However, it is public education. These schools are legal entities approved by government. They use pooled public funds and spend the same amount per pupil as regular public schools. Full per-pupil funding flows from government directly to the school (no middlemen) and total school funding is based on student enrollment. They cannot charge tuition, discriminate on the basis of race, religion or ability, or cloak themselves in a sectarian framework. Further, they must satisfy government with their curriculum and educational outcomes.

These schools are also fully accountable as never before. The reason is that unlike existing public schools, charter schools go out of business if parents and teachers do not choose them, if they violate the terms of their charter, or they do not satisfy government with strong educational outcomes. The "basic bargain is autonomy for accountability." Existing public schools just don't operate that way.

The purpose of chartering is not to create a few new schools for some parents. Rather, the overall purpose of the charter school idea is to help reform the entire public education

endeavor. The system is left largely intact while some schools and some educators are set free to demonstrate that they can do better with different, much less restrictive conditions. Their successes and much higher levels of satisfaction by parents exposes the existing system to powerful new dynamics. And those dynamics are the same that have worked to improve other public monopolies all over the world: choice, competition and real consequences for poor performance.

In Alberta, the effects are already evident. Eleven brand new and dramatically different schools have sprung into existence. In every case, these new charter schools have been heavily oversubscribed by parents and teachers. And if that hasn't sent a strong enough message to public school bureaucrats, the financial sting surely has their attention. The reason is that the loss of every 200 students or so costs the public system some \$1 million in lost funding. That has the bureaucrats blinking. Now, all across Alberta they are paying attention to parental wishes and complaints as never before. Edmonton Public Schools, for example, had for years adamantly refused parents a traditional model school with a phonics-based reading program. When the Aurora Charter School opened with 280 students (and 400 more on the waiting list) it wasn't long before Edmonton public schools responded with not one, but two traditional models.



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**I**n summary, in Alberta as elsewhere in Britain and the U.S., a small number of charter school choices (and the threat of many more) has immediately forced educational bureaucrats to new levels of responsiveness and accountability. Public education badly needs such innovation and stimulus. All across Canada, educators, parents, taxpayers and government are watching the experiment in Alberta. More chartering is inevitable. The concept of the independent public school simply makes too much sense. ■

Dr. Joe Freedman is a medical doctor based in Red Deer, Alberta and is president of the Society for Advancing Educational Research.



**W**hen the organized taxpayer movement sprang up on the Prairies and spread East into Ontario and West to British Columbia, it showed a fundamental power-shift reordering political life within Canada.

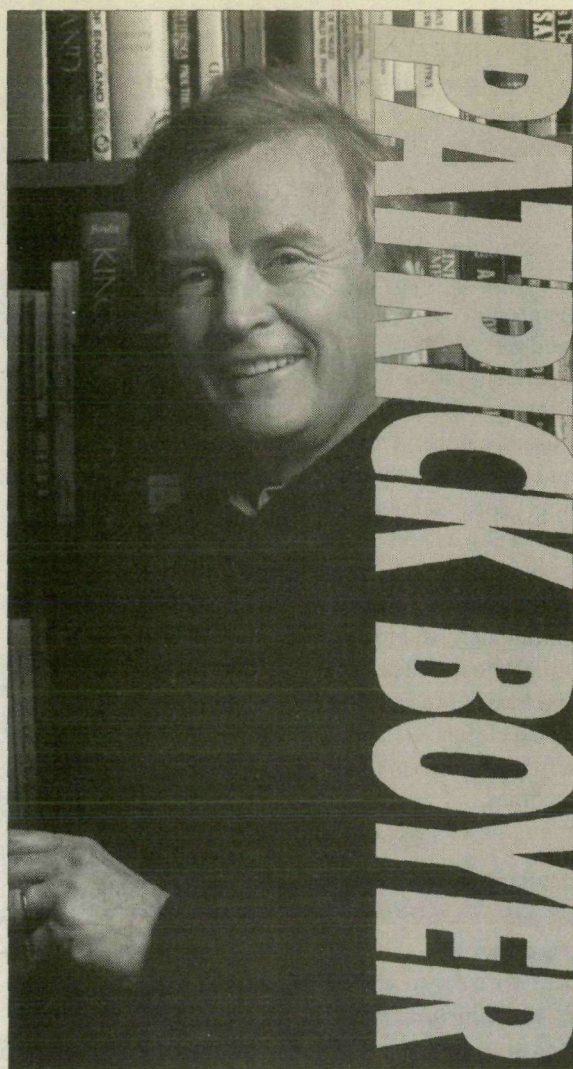
If you stand back momentarily from the specific current agenda of the Canadian Taxpayers Federation, and from activities intrinsic to the Federation's operation — you can see more clearly the context in which this has been unfolding.

Over the past century we've witnessed a shift in the balance of Canadian democracy. A dynamic process involving a direct role for the people has now become an integral and necessary part of the way we do things.

Almost no public issue in Canada is analyzed today without reference to public opinion polling. Canada in the 1990s is a country where people will have their say — on everything from television cable rates to new proposals for our Constitution.

We have experienced a shift in the political centre of gravity. The days when a small number of leaders of the main social groups and major institutions could discreetly gather and settle for themselves the direction of the country, then smoothly implement their new course with the ever-so-grateful Canadian people deferentially supporting the move, are days of the past.

This evolving character of Canadian democracy, with its greater role for the people, in turn poses a fundamental problem for our system of govern-



## POWERSHIFT

ment about who, ultimately, is in charge.

A concept central to the practice of democracy is 'sovereignty' — the question of who has supreme governing authority within the state. The traditional Canadian doctrine that sovereignty resides in the Crown is increasingly challenged by the alternate concept that sovereignty resides in the people (as once again manifested in the spring of 1997 when Canadians elected a new parliament and, in turn, a government).

One of the ongoing causes of ambiguity in Canadian public life is the fact our political institutions and practices answer to two 'sovereigns' simultaneously. Practitioners within the political system invoke one sovereign (the State/Government/Crown), or the other (the People), or sometimes even both.

It's all very confusing. It's also all very Canadian — in that this duality of loyalty, of authority, of legitimacy, has emerged from our history.

The particular Canadian problem arises, in short, because we are still trying to accommodate two incompatible concepts of sovereignty. If in the 1830s Lord Durham found "two nations warring in the bosom of a single state," in the 1990s we can observe how there are two sovereigns governing within the body of a single state.

Thus when the taxpayer movement speaks for overtaxed citizens who are angered by waste of public funds and a lack of true accountability by those in government, we hear the clear and stark voice of sover-



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eign people. We are also witnessing, in the positions articulated by the Canadian Taxpayers Federation, and other grassroots organizations, an attack upon the sovereignty of the Crown.

The word Crown may strike you as an odd reference to another land, in another time, when the mists rose over England and the people's representatives in Parliament challenged the King's taxing powers and practices. Yet our situation in Canada today has derived from there.

Revenue Canada of the 1990s may not look as awesome as a monarch and his churlish tax collectors, but Revenue Canada acts in the name of the Crown. Heads may not roll here, nor our Parliamentarians move with the same lusty vigour and steely resolve as did their historical ancestors. Yet the lines of division are the same. The battle is being fought over the people's money and the relationship of taxing, spending, and accounting for it.

One important thing about battles, however, is to be a match for the other side. Parliament, where we seek to combine these two sovereigns in one amalgamated or double-headed form, with all its rules and procedures evolved over 700 years in Britain and elsewhere has, as an institution dominated by government, unfortunately been a pushover.

The role of Parliament as "controller of the public purse strings" became diminished from 1973 on. Spending estimates are now whizzed through a special committee and, if not approved by the end of June, are deemed to be approved anyway. It's become a rather pro forma exercise.

This token review of departmental spending plans has

been matched, moreover, by the power of party discipline in the Commons to push through the government's new tax measures and annual multi-billion dollar borrowing bills.

So even as the Canadian people have — in the face of wasteful spending, high taxes, and lack of real accountability — pushed harder for a role in decision-making, the operating reality in the political institutions of our country is that old rules, and the relationships borne out of the working of those rules and institutions over time, continue to hold sway.

That is why the powershift which has taken place within the Canadian political body — part and parcel of changing values and more access to information — still needs to be realized, or fulfilled.

Long ago we were taught about the difficulty of serving two masters. In the ordering of our governing arrangements on the basis of two undoubted sovereigns, there are, at least, some important political and institutional changes that would enable us to better be ourselves.



## Among these will be reforms to:

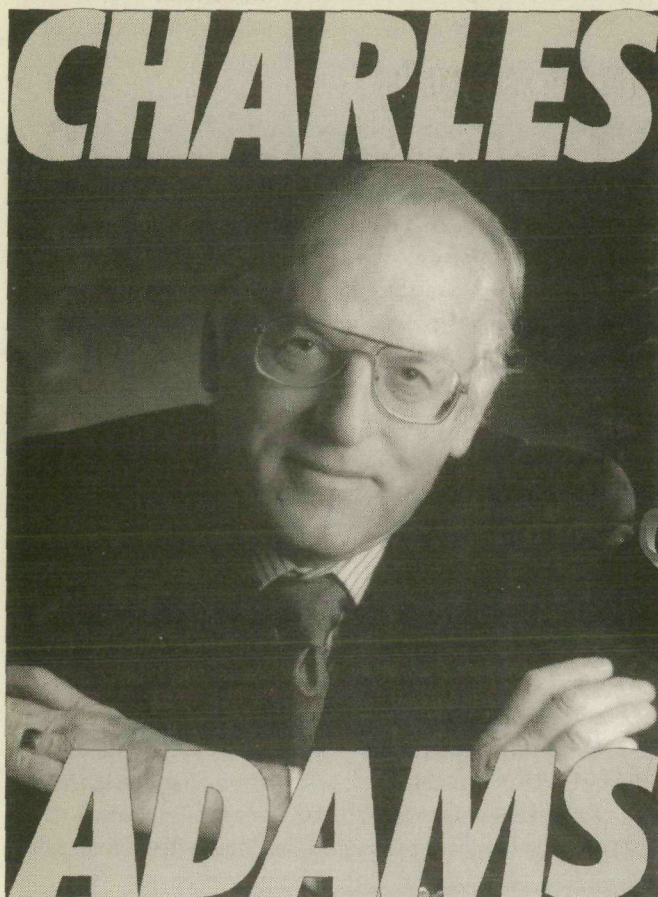
- (1) elect representatives to our legislatures on the basis of proportional representation;
- (2) replace the Senate of Canada with a Chamber of Citizen Representatives elected for a single term on a non-party basis [or substitute here your own preferred model for Senate reform];
- (3) provide the legal procedure for citizens to initiate referendums on issues of national importance;
- (4) restore to Parliament power to control the public purse and force accountability for the economic consequences of political decision-making;
- (5) introduce an 'open book' regime for clarity and accountability in the public accounts;
- (6) restore the full powers of the Comptroller-General and of the Auditor-General and have the government-of-the-day cease 'managing' the financial accountability performed by these officers; and
- (7) create new procedures for Parliamentary scrutiny of 'off-budget' expenditures.

We need, as this list suggests, to do more than tinker with details around the edges. We must address the larger reforms which the powershift we're experiencing calls forth. These are goals worthy of not only a well-organized taxpayers' organization, but indeed of all Canadians. ■

Patrick Boyer is a lawyer and former Member of Parliament. He is an expert on direct democracy and is the author of many books including *The People's Mandate* and *Direct Democracy in Canada*.



# Warnings from the past



the Romans. The Goddess of Liberty in the form of a woman was a Roman concept the French and later Americans adopted.

The Roman love of liberty produced some noble expressions, such as, "Liberty is a possession on which no evaluation can be placed," and "Freedom is beloved above all things."

## The Destruction of Roman Liberty

**D**iocletian destroyed this love of liberty in the interest of tax compliance. Remarkably, Diocletian's decree that enslaved the Romans reads like our modern tax laws, which are proclaimed with

high-sounding preambles like "tax fairness," "tax equity," "deficit reduction," and other noteworthy purposes.

Here are the words Diocletian used as a preamble to

his decree that enslaved:

*"Diocletian and Maximian, most noble Caesars, having learned that the levies of the public taxes are being made haphazardly, so that some persons are let off lightly and others overburdened, have decided to root out this most evil and baneful practice for the benefit of their provincials and to issue a deliverance-bringing rule to which the taxes shall conform\_"*

This so-called "deliverance-bringing rule" was simple. Every Roman taxpayer was bound to his job. His right to travel or change jobs was gone. If he was a shoemaker, he was bound to be a shoemaker and his son also had to be a shoemaker. Farmers had to be farmers and their sons as well. They were also bound to the farms they worked and lived on. All this to ensure the collection of taxes. Those who fled were called fugitives and would be forcibly returned if caught. It wasn't just workers and farmers who were bound. A member of a city council, for example, would be returned if he fled, providing he was caught within twenty years after having left his post. It is no wonder we read in Roman records of this period, "Let us flee to the lands of the barbarians where we may live as free men." It was also during this time that the temples for the Goddess of Liberty disappeared as well as her image on the coins of the empire.

**I**n A.D. 476 Odovacar, a German commander in the Roman army, sacked Rome and took over the imperial throne. That date is usually cited as the end of the Roman Empire. As a political force, Rome did end about that time, but the spirit of Roman civilization had long since died, having been put to death by Diocletian, an emperor who is supposed to have saved Rome by remaking the tax system around A.D. 297.

The idea of liberty and freedom first appeared in the ancient world among the Greeks. It was later taken over by the Romans, who erected temples in honor of the Goddess of Liberty. She appeared on Roman coins during the time of Rome's greatness. The French made a gift to America over a hundred years ago of the giant colossus that stands in New York harbor—the Statue of Liberty. While it may have been a gift from the French, it was really a gift from

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## Tax Tyranny

**T**ax-collectors today would do well to look back into history, and not crow about their achievement.

What they have really achieved is to bind the Canadian taxpayer to the *fiscus*, almost Roman style. We may be able to move and change jobs or change banks or investments, but everything we do is recorded for the collection of taxes. Diocletian didn't have computers or tax-identifying numbers, so he did the next best thing—he ordered everyone to stay put, where they could be watched.

This observation in my book *For Good and Evil* may have ominous shadows for our day:

*"The emperors of the fourth century, and above all Diocletian, took their duties seriously, animated by the sincerest love of their country. Their aim was to save the Roman Empire, and they achieved it. They never asked whether it was worthwhile to save the Roman Empire in order to make a vast prison for scores of millions of men."*

Today, we are imprisoned by the all seeing eye of the tax collector; everything that goes through your bank account is photographed for the government to see; every transaction with your securities broker is reported; all dividends, interest, and royalties are reported; all capital gains are reported; all real-estate services are reported. Cash in even modest amounts is reported, both within the country and when leaving or entering the country.

The ancient Egyptian rulers would envy our system. Everywhere the scribes of the pharaoh were snooping, inspecting and recording for



**Did taxes  
destroy the  
Roman Empire?**

the tax bureau. The Egyptian languages did not even have a word for liberty. Even the eggs in the nests of the pigeons and chickens were recorded. Like our system, nothing was beyond the surveillance of the scribes.

## Freedom and Taxation

**T**he most important problem of our day, never mentioned by tax experts or politicians, is not the question of tax rates and exemptions, but the destruction of liberty by the all-seeing eye of the tax collector and the savage penalties and punishments used for the god of tax compliance. This is the most important struggle of our age between citizen and government. The outcome will determine the liberties our children will inherit from us in the next century.

The course of our civilization appears to be following the final era of the Roman Empire, with citizens in bondage to the tax system. This bondage in Rome was instituted against the spiritual grain of Roman history and destroyed the liberty of a once-free society. Edward Gibbon, in *The Decline and Fall of the Roman Empire*, described this period as a "perpetual struggle between the powers of oppression and the arts of fraud." But Givvon was wrong. For the average Roman taxpayer, the struggle was short-lived: they, their children, and their children's children were shackled to the tax system. This bondage of the once-free Roman was the taxman's final victory over the extensive evasions and flight that endangered the emperor's revenue.

Similar conditions exist today. Except for the very few, most taxpayers cannot hope to win against the awesome power of the government. As governments achieve their final bigotry over the liberty of the vast majority of citizens, we may not be shackled to our jobs like the later Romans, but all indications are that the earnings of our jobs and everything else will be shackled to the state.

Will we end up as citizen-serf taxpayers like the Romans? The current direction of our tax system—with its all-encompassing surveillance—is making neo-serfdom a reality. The struggle between communism and democracy may be over, but the choice now is between liberty and bondage. Throughout most of history, liberty has not been lost to foreign invaders, but to the very government that was supposed to protect it.

Charles Adams is tax lawyer and historian. His entertaining book, *For Good and Evil*, on the history of taxation is a must read for anyone interested in the impact of taxes on the course of civilization. Article reprinted and amended from March 1994 issue of *Freedom Daily*, published by The Future of Freedom Foundation of Fairfax, VA. ■

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# RICHARD VEDDER



## THE GOLDEN MEAN

Aristotle believed that moderation in behavior was to be preferred to excesses. A look at the behavior of governments shows the wisdom of moderation in spending and tax behavior. It is true that societies with no governmental organization are seldom prosperous. Governments help define and protect property rights, provide a reliable medium of exchange to facilitate trade, and so forth. A little bit of government is good and actually enhances economic growth.

At the other extreme, nations where governments direct the allocation of most resources are similarly impoverished - as modern day North Korea or Cuba demonstrate. Too much government impedes private entrepreneurial spirit and reduces capital formation and work effort. An American economist and politician, Richard Armey, has created the "Armey Curve" which suggests that economic growth expands with increasing governmental size up to a point, but then further governmental expansion leads to reduced growth in incomes and output.

My colleague Lowell Galaway and I have statistically examined the relationship between economic growth and governmental size

in several countries, including Canada. We observe that in all of the countries studied, the current size of government is well beyond the level that maximizes economic growth. In other words, the economic gains associated with new governmental spending are more than offset by the disincentive effects associated with the taxes or borrowing necessary to pay for the expenditures. Our data suggests the two major industrial democracies in North America (the U.S. and Canada) should reduce the size of their central governments by at least 10 and perhaps 20 percent. In Europe, where the welfare state has grown more, the desired downsizing of government is even larger, exceeding 40 percent in nations such as Sweden.

Our findings are consistent with those of dozens of academic scholars who find in the contemporary world a negative relationship between government taxes and economic growth, or between spending and the increase in incomes and output. As marginal tax rates on incomes or consumption reach high levels, people reduce their work effort and investment. When government is small, taxes are low and the government

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provides vitally needed services that makes it easier for entrepreneurs to trade with one another and to safely accumulate wealth. As government expands, taxes become more onerous, increasingly adversely impacting human behavior. Moreover, the expanded governmental services that are provided are less useful in enhancing economic growth.

The U.S. data suggest that spending on entitlement programs has an especially negative growth impact, and the expansion of the welfare state explains much of the modern era growth slowdown. We suspect that is the case in Canada, Europe and other places where the welfare state has assumed large proportions. In Canada, for example, OECD data suggest that taxes equalled less than 26 percent of total output in 1965, compared with over 37 per-

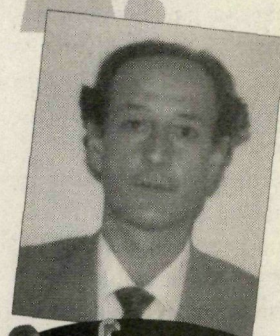
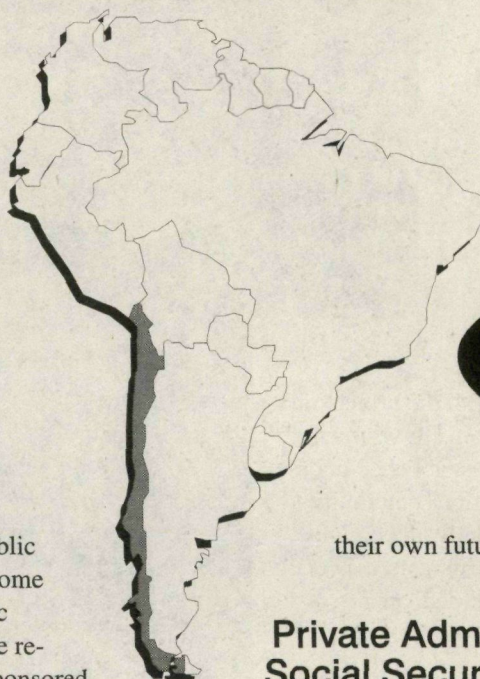
cent 30 years later - almost exactly the average prevailing for the more than 20 OECD nations. Canadians are lucky compared with Danes, who gave 51 percent of their output to government.

Big government means high taxes, which dampens the spirit of enterprise. In the early 1990s, there was a migration of over one million Americans out of the 10 states with the highest income taxes - and a similar in-migration into the 10 states with the lowest income taxes. It would be interesting to evaluate interprovincial migration in Canada to see if it conforms to the same pattern. In any case, high taxes are injurious to our economic health. ■

Dr. Richard Vedder is an author, economist and Professor at Ohio University in Athens, Ohio.

# LUIS LARRAIN A.

## Privatizing Social Security: The Chilean experience



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Seventeen years ago, Chile privatized its public pension system, giving way to what was to become one of its most important cultural and economic transformations. Today, a dozen countries in the region have followed the Chilean example and sponsored their own pension system reforms. The essential components of these reforms — private administration, capitalization and individual accounts — have been a common denominator in all of those processes. Other features, however, have varied from one country to another, reflecting differences in the approach taken to the reforms, the status of modernization in each nation and the will to empower citizens with greater decision-making authority over

their own future.

### Private Administrators of Social Security

Once the private administration of the new system was decided, we needed to decide if we were going to have a defined-benefit scheme which required huge reserves, or a defined-contribution system, based on accumulation.

The option chosen was the accumulation of funds, setting a minimum premium, allowing the amount of the pension to be the result of the return on investment made with the funds accumulated in an individual account. The accu-

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mulation system ensured greater competition since it did not require large amounts of investment capital.

The system was administered by new private institutions, the Pension Fund Administrators (known by their Spanish acronym as AFPs), which were created specifically for this purpose. An oversight agency was also created, the Superintendency of AFPS, whose staff was small and highly qualified. The AFPs were to be financial intermediaries or "mandataries" of the funds they were administering, so a separate "Pension Fund" was created as an independent equity account in which worker premiums and investment profits were to be kept.

## Investment of the Funds

The level of benefits, and therefore the merit of the system, depends on the return on the investments made. Actuarial calculations indicate that in order for men to retire at age 65 and women at age 60 with a pension equal to approximately 75% of their final year of income, a system that provided a real annual return average of 4% was needed.

The next issue was to formulate a portfolio of investment instruments available to the AFPs that would enable them to achieve this rate of return.

The objectives of profitability and competition to attract affiliates had to be balanced with the protection warranted by affiliates' premiums. Investment diversification regulations were established in order to reduce risks. Investment options and limits were established by law. Initially, the options were oriented toward debt instruments, especially public debt. Stocks were permitted later.

## Benefits of the system

The system provides three types of benefits: old age, disability and survival. Each of them has a minimum level assured by the state.

Old age is a fact of life, thus old age pensions can be covered through an accumulation of funds as described above. In order to achieve this accumulation, a minimum obligatory contribution rate of 10% of worker income was

established to finance old age pensions (additional contributions are voluntary).

Affiliate disability or death, however, are not predictable occurrences and may take place at any time. Thus, it is possible that an affiliate may not have sufficient funds accumulated at the time of the mishap to ensure a pension that bears some resemblance to his/her level of income. Therefore, insurance is required. AFPs periodically require insurance to provide affiliates with disability and survival pensions should tragedy strike (an additional variable fee which fluctuates between 2% and 3.75% is charged).

Old age retirement occurs when certain requirements have been met, such as age (65 for men, 60 for women), or when the amount of accumulated funds allows for early retirement. In the latter case, the amount of funds required is tied to before-retirement income.

Affiliates who fulfill old age or disability requirements and survivors of deceased affiliates may make use of the funds available in an individual account to provide a pension in the following ways:

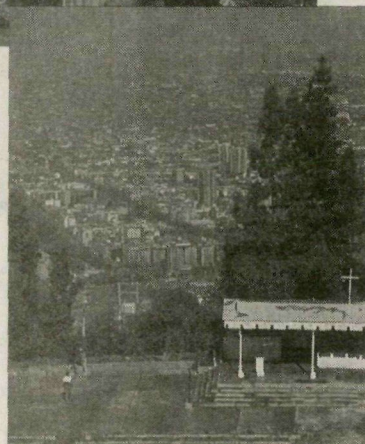
a) Immediate Life Annuities - The funds accumulated in the individual's account are transferred to a life insurance company chosen by the affiliate in exchange for a lifelong monthly payment expressed in indexed monetary units. A survival pension for beneficiaries is also provided for.

b) Scheduled Withdrawal - Accumulated funds remain in an account with the AFP and monthly withdrawals in indexed monetary units are made in accordance with a pre-established schedule that is recalculated annually. Under this system, there is no lifetime insurance, rather, the value of the pension is recalculated annually in accordance with the retiree's life expectancy. A combination of the previous two options is also possible.

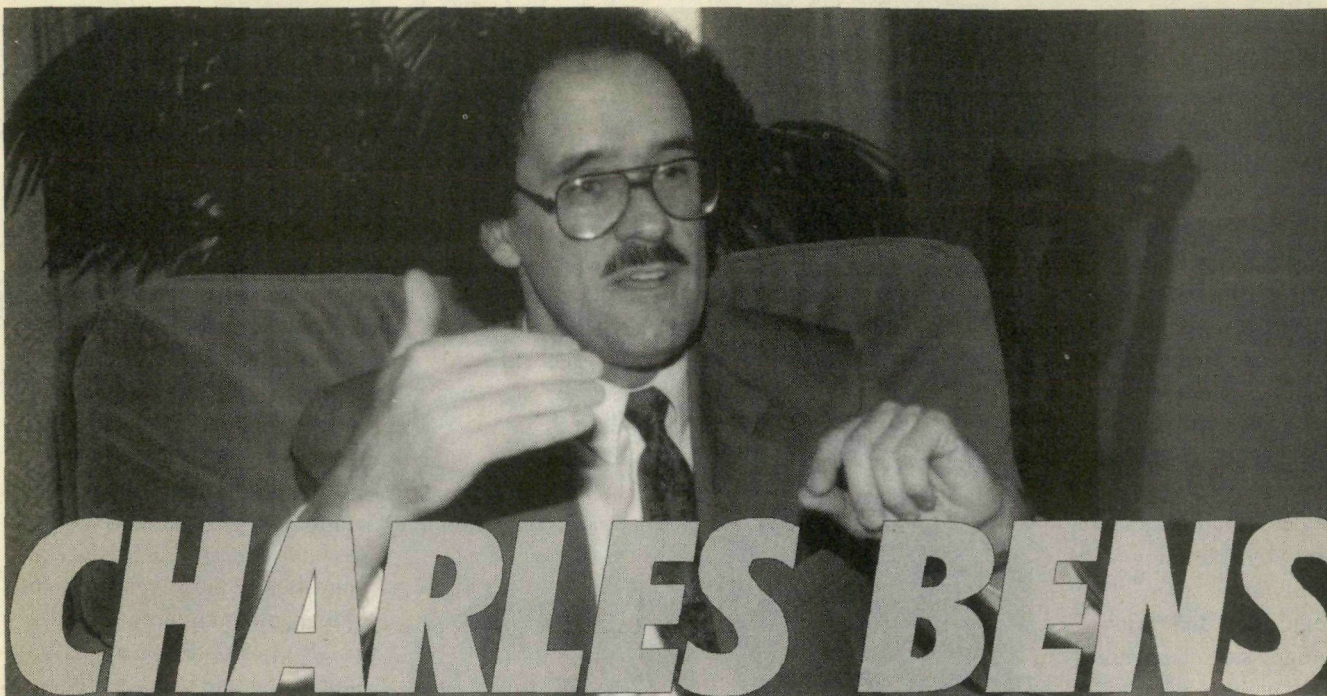
ble.

Countries outside Latin America are beginning to look now to the Chilean social security reform. Its principles are surely applicable worldwide, especially in Canada. ■

Luis Larrain is an economist at the Catholic University in Santiago, Chile. He is also director of the Liberty and Development Institute.







## Municipal Reform:

*By crisis or by choice*

**I**n 1996, the municipalities in Metropolitan Toronto were combined into one mega city through an edict of the provincial government. In a pitiful display of self-serving job preservation, local politicians shamelessly begged for another chance promising sizable tax reductions in return. The provincial government didn't change their decision in spite of the public's apparent willingness to give their politicians a second chance by voting against amalgamation in a referendum. Even though the provincial government has shown a blatant disrespect for local democracy there is a strong agreement to be made in support of their decision. The politicians in Metro Toronto had not been doing their job and wasted millions of dollars through their inability to co-operate, bring their costs under control and provide the planning framework for the economic, social and environmental development of this urban centre.

There is more than enough blame to go around for this and similar forced reforms of municipal government. Politicians with inadequate skills are certainly one of the main problems, which has been confirmed by a worldwide

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evaluation of governments by the United Nations. Bureaucrats can also claim a share of the blame with too many of them hanging on to outdated management styles and practices.

The change from autocratic behavior to more open and participative organizations has received a lot of attention but very few municipalities have really adopted this change in their organizational culture. Unions must share some of the responsibility as they have often waited until the threat of lay-offs or privatization before they came forward with their list of cost-saving ideas. And finally, the media and the public must share the blame for simply not paying enough attention to what was going on, preferring to rely on negative reporting and complaining without offering any real solutions.

**S**omeone once said people get the government they deserve, but that has become a very tired and unsatisfactory response to problems created by the inability to get the key players to really work together for the good of the

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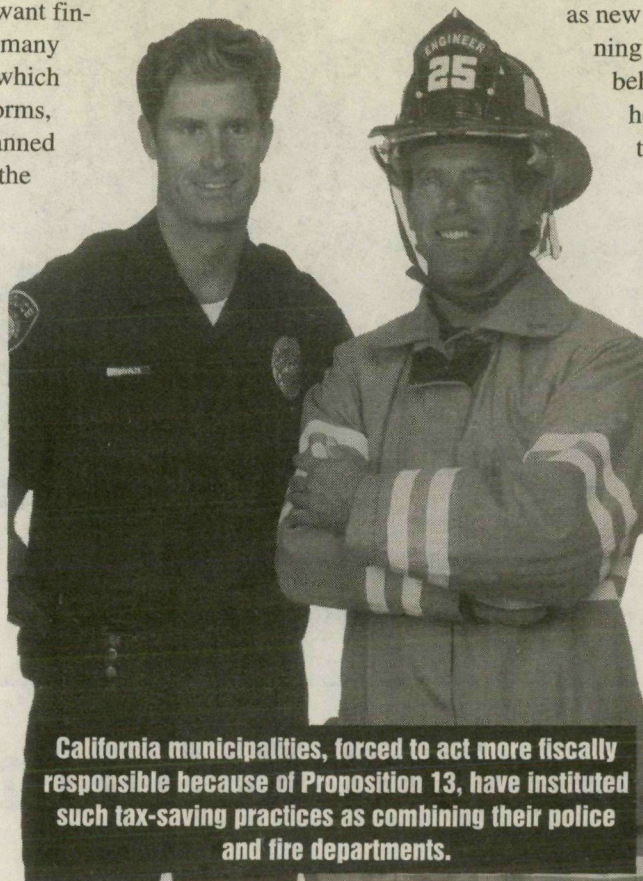
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community. People don't want finger pointing anymore, and many of the knee jerk reactions, which have been disguised as reforms, are simply not that well planned or executed. All too often the response to municipal reform is a financial one such as tax limits, or structural such as the forced amalgamation of municipalities.

Some communities manage to avoid this crisis management style of municipal reform by instituting community based strategic plans and hiring progressive managers who practice what others just preach about: respect for employees and inclusion of all stakeholders in the decision-making process. These municipalities realize that managing change is difficult and requires a dedication to learning by everyone including politicians, citizens, management and staff. This learning is not just technically based such

as new budgeting systems, strategic planning and program evaluation. It is also behavioral-based learning such as how to facilitate a meeting, work in teams and manage conflict.



**California municipalities, forced to act more fiscally responsible because of Proposition 13, have instituted such tax-saving practices as combining their police and fire departments.**

**W**hen organizations decide to accomplish reform by managing change they make a commitment to put egos aside and work together in an environment of mutual trust and respect. That is why municipal governments adopt a code of ethics or value statements before they even begin the strategic planning process. Values are the foundation upon which strategic plans and continuous improvement programs are built.

These values allow municipalities to use the many available assessment tools to honestly and accurately determine where the strengths and weaknesses are in their community as well as in their organizations. Without these honest assessments, which are free of overt political tension, it is virtually impossible to accomplish the kind of positive reform needed in communities right across Canada. Without the honesty, putting aside of egos and relaxing of political tensions communities, provinces and entire countries are forced into a polarized battle where decisions are delayed or forced into the extreme options.

There is a better way, but it appears that it can only happen if citizens educate themselves and then take more control of the governments that are now largely out of control. The knowledge and the tools for positive reform, especially at the municipal level, are available to, and waiting for, anyone interested enough to pursue them. ■

Charles Bens is a municipal consultant based in Florida. He is author of a number of books including *Measuring City Hall Performance*.



The Canadian Taxpayers Federation expressed its condolences in a letter to the general assembly of the Hungary Taxpayers Association in October on the passing away of their president Geza Pisztray. Above, duke Antal Eszterhazy (right) was sworn in as the new president



# PROPOSITION 13: LIBERATION DAY FOR CALIFORNIA

June 6th is celebrated around the world as a day of liberation for it is the anniversary of D-Day, the Allied invasion of Europe in World War II.

In California, June 6th also marks another anniversary celebrating freedom - the day twenty years ago (June 6, 1978) California voters charged into voting booths and passed Proposition 13 to take control of taxes: cutting their property taxes, setting certain tax limits, and requiring votes on future tax increases.

Proposition 13 is a property tax limitation measure which sets the property tax rate at no higher than 1% of property value. Initially, the 1% tax rate was measured against a property's value as of 1975. When a property is sold or new construction occurs, property is reassessed at 1% of its current value. Property taxes can increase to inflation yearly, but not more than 2%. Other tax increases require either a vote of the people or a two-thirds vote of the state Legislature.

From afar, you may hear that Proposition 13 is evil. From bridges falling during earthquakes, to a child murdered when the police let a killer slip

through their fingers, to the not guilty verdict in the infamous O.J. Simpson criminal trial. Proposition 13 has been blamed for every ill that has befallen California. The bu-



reaucracy goes out of its way to discredit Proposition 13 in hopes of weakening support for it.

It hasn't worked.

If Proposition 13 was as evil as some portray, the voters would have eliminated it long ago.

California voters still support the protections they established in the tax revolt of twenty years ago. In fact, a recent political retrospective by the *Los Angeles Times* acknowledged: "Nearly 20 years after the revolutionary Proposition 13 lanced state government, voters have consolidated power into their own hands and are clamping a tight hold on the purse strings. They mean to keep it that way."

The revolutionary aspect of Proposition 13 is that, for the first time, certainty



Continued on page 26

## WORLD TAXATION CONFERENCE

June 13-14, 1998 - Whistler, B.C.

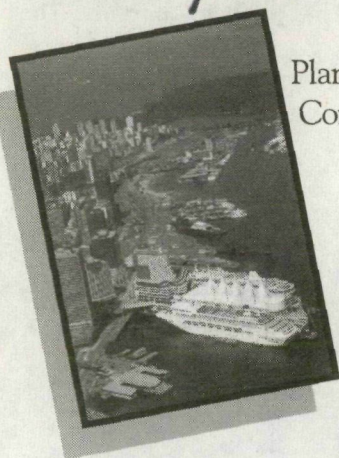
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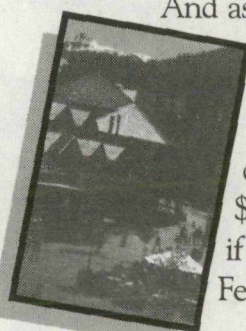
SIXTH

# WORLD TAXPAYERS

## Plan your vacation now...



Plan to attend the World Taxpayers Conference June 13-14 in Whistler, B.C.



And as a supporter of the CTF you are eligible for the super early bird discount rate of \$160 per person if you register before February 28, 1998.

## Speakers:



### **Bjorn Tarras-Wahlberg**

Stockholm, Sweden  
President,  
Taxpayer Associations  
International



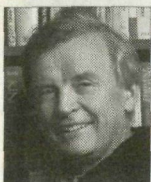
### **Luis Larrain**

Santiago, Chile,  
Economist, Catholic  
University of Chile  
Director, Liberty and  
Development Institute.



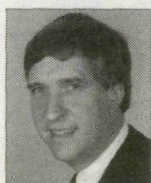
### **Dr. Richard Vedder**

Athens, Ohio  
Author, economist and  
professor,  
Ohio University



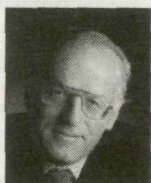
### **Patrick Boyer, Q.C.**

Etobicoke, Ontario  
Author and expert on  
direct democracy in  
Canada



### **Joel Fox**

Los Angeles,  
California  
President of the  
Howard Jarvis  
Taxpayers Association



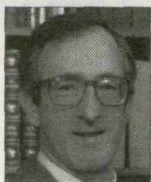
### **Charles Adams**

Pickering, Ontario  
Tax lawyer, author  
and historian on the  
impact of taxation



### **Dr. Linda Low**

Singapore  
Senior lecturer and  
economist  
University of  
Singapore



### **Dr. Alvin Rabushka**

Stanford, California  
Senior Fellow, Hoover  
Institution and father of  
the flat tax

## Welcome:

Issues of high taxation, wasteful government spending, runaway debt and unaccountable governance are fought by activists in every corner of the globe. In 1988 an organization was founded in Washington, D.C. that dedicated itself to providing support for and exchanging information among these activists.



Today, Taxpayer Associations International (TAI) is comprised of 20 member organizations in fifteen countries on five continents. The Canadian Taxpayers Federation joined TAI in 1992 and shortly thereafter assisted in the emergence of a taxpayer organization in Hungary.

Four years later in the summer of 1996, Budapest Hungary played host to TAI's fifth World Taxpayers Conference. It was there that the Canadian Taxpayers Federation was invited to host TAI's first major conference on the North American continent. The CTF was honoured.

On June 12, 1998 delegates from across Canada will arrive in Vancouver and make their way to the beautiful resort community of Whistler (90 minutes north of Vancouver) to join international delegates for two days of presentations, workshops, fellowship and warm hospitality.

This is your opportunity to meet recognized experts and taxpayer activists who will share their knowledge and recipes for success. You won't want to miss this conference.



# CONFERENCE

June 13 - 14, 1998  
Whistler, British Columbia

## Topics:

- ▶ The Impact of Taxation on Unemployment
- ▶ Controlling city hall
- ▶ Individual Savings Accounts: Where They're Working
- ▶ Tax Reform and the Flat Tax
- ▶ Tax and Expenditure Limits
- ▶ Direct Democracy (What is it and How do we get it?)
- ▶ Education Reform (Experiment with Charter Schools)
- ▶ Health Care Reform
- ▶ Electoral Reform: A Democratic Revolution
- ▶ How to make a difference: A primer on taxpayer activism

## Yes, I plan to attend:

### **SUPER EARLY BIRD SPECIAL . . . ☐ \$160**

Supporters of the CTF can take advantage of our super early bird discount rate of \$160 per person if you register before February 28, 1998. Includes 1 meal and all sessions (except Saturday night dinner).

### **Regular . . . . . ☐ \$240**

After April 10, 1998 (Includes 1 meal and all sessions except Saturday night dinner).

### **Early Bird . . . . . ☐ \$195**

By April 10, 1998 (Includes 1 meal and all sessions except Saturday night dinner).

### **Saturday Night Gala . . . . . ☐ \$55**

(Reception and dinner at Delta Whistler Resort)

☐ Yes, I plan to attend. Please find enclosed my registration fee(s) \$ \_\_\_\_\_

☐ I am unable to attend, but enclosed is my contribution of \$ \_\_\_\_\_

Method of payment: ☐ Visa ☐ MC ☐ Cheque ☐ Money order

Visa/MC # \_\_\_\_\_ Expiry date : \_\_\_\_\_

Name on Card: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Organization: \_\_\_\_\_ Position: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail/Web Page: \_\_\_\_\_

## To Register

All registration fees in Canadian dollars. Taxes included. Make cheques/money orders payable to the Canadian Taxpayers Federation. Send your registration to: World Taxpayers Conference: #604 - 1207 Douglas Street, Victoria, B.C. Canada V8W 2E7.

Toll Free phone: (800) 699-2282 Toll free fax: (800) 910-2282

Email: [taxpayer@vanisle.net](mailto:taxpayer@vanisle.net) or register at our web site:

[www.taxpayer.com](http://www.taxpayer.com)

Upon receipt of this registration form, accommodation information will be sent to you.

**World Taxpayer Conference is co-sponsored by:**



*Taxpayer  
Association  
International*



Continued from page 23

in taxation belongs to the taxpayer.

Government officials preach that tax revenue should be sufficient, stable and certain. But those are guidelines to protect government. If property taxes were stable and certain for government before Proposition 13, then they were most assuredly unstable and uncertain for taxpayers.

Proposition 13 links property taxes to the property buyer's ability to pay. Proposition 13 was revolutionary in its taxpayer protection — property taxpayers are certain what their tax burden will be when they buy a home, and they can predict what the tax burden will be into the future.

Proposition 13 did the job it was designed to do: keep people from losing their homes; and keep people from being slaves to the tax-master. The tax-master can indeed be

vicious. The formula is universal and is recognized around the world. Perhaps it was best expressed by an American congressman in the early years of the American republic when he lectured his colleagues: "You enjoy the most delicious of all privileges, spending other people's money." It is a privilege lawmakers pursue with such zeal that taxpayers need to protect themselves.

The power to tax is the essence of government, the control of taxation is the control of government. We the people must control the government; therefore we the people must control taxation.

Proposition 13 was an historic step in taxpayers controlling government. ■

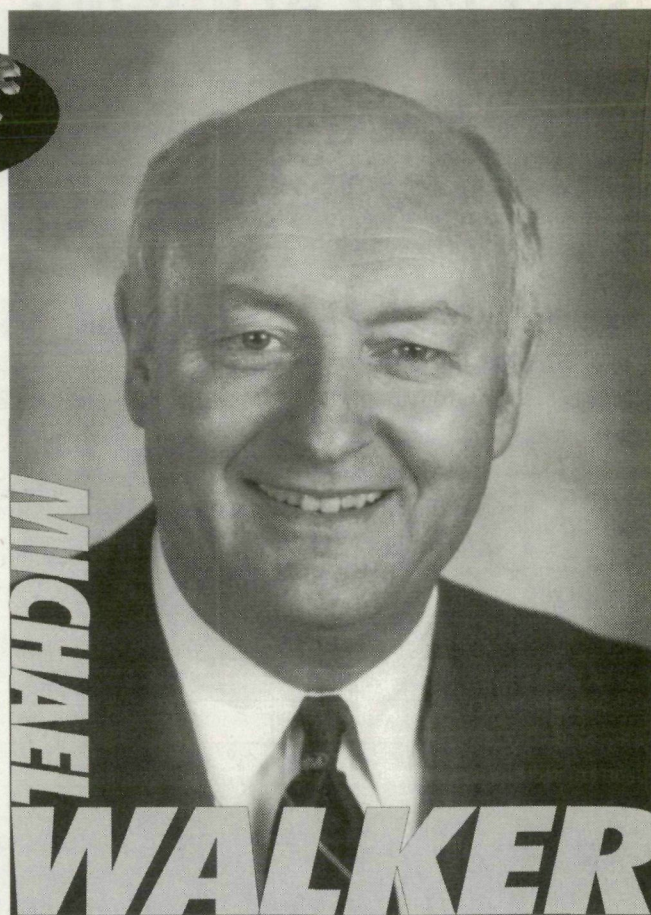
Joel Fox is the President of the 250,000 member Howard Jarvis Taxpayers Association in Los Angeles California. He is a senior spokesman on Prop 13.

Conference  
speaker  
June 13-14,  
Whistler, B.C.

## The World Freedom Index

Sir Isaiah Berlin, one of the world's great teachers about freedom, once remarked that "Freedom is a concept of such porosity that it defies definition." While that may be true, it is nevertheless the case that we constantly make statements about freedom that involve us making comparisons. The great Italian physicist Enrico Fermi remarked that "Measurement is the making of distinctions and precise measurement is the making of precise distinctions." So, in making comparisons about freedom we implicitly have a measurement of it even though it may be implicit.

The Fraser Institute has been engaged in a project since 1984 involving some of the world's top economists, political scientists and philosophers, which attempts to construct a measurement of economic freedom. The purpose of the project is to raise the awareness of the population of the world about the importance of economic freedom and the impact which government policy has in effecting it from time to time. After 12 years and four volumes of scientific



papers, the Institute, working in conjunction with other institutes around the world, produced the Economic Freedom Index which is an attempt to quantify the comparative

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WORLD TAXATION CONFERENCE



existence of economic freedom in different countries. The 1997 edition of the index was co-published by 47 institutes in 47 different countries and ranks 115 countries according to their level of economic freedom.



**T**he index is comprised of 17 different factors which rank the economic freedom made available to the citizens of countries according to four categories. The categories are money and inflation, government operations, takings and the international sector. The money and inflation category uses four variables to measure the extent to which governments conduct monetary policy so as to create a stable environment and the extent to which citizens are permitted to hold alternative forms of currency and foreign bank accounts.

The government operations category measures the extent to which the government is responsible for consumption expenditures in the economy and the extent to which the government itself engages in business operations through state owned enterprises. It also contains ratings of the extent to which businesses are free to set their own prices, to which they can compete in markets, that they can rely on a non-discriminatory judiciary and are free from government regulations that prevent capital markets from adjusting.

The takings and discriminatory factors will probably be of most interest to taxpayer groups since it includes the taxation activities of governments. The first factor considered is transfers and subsidies measured as a percentage of the country's GDP. This is a measure of the extent to which governments are transferring to others the income which is earned by citizens. The second variable is the top marginal rate of income tax together with the income threshold at which that tax rate applies. The purpose of this variable is to measure the impact of the personal income tax system and the extent to which it takes purchasing power away from citizens. Finally, there is a variable which measures the extent to which the country relies on conscription as a means of financing its military program. Conscription is a form of tax levied only upon certain members of the society, the proceeds from which are used to in effect finance the standing military function of gov-

ernment.

The final set of variables is related to the extent to which citizens are free to engage in international exchange and includes measurements of the extent of taxation of trade, the difference between the official exchange rate and the black market rate. Another variable measures the actual size of the trade sector compared to the size that would be predicted on the basis of a standard international trade model. Finally there is a factor which captures the restrictions which are imposed on citizens to engage in capital transactions with foreigners.

**T**hese 17 variables are combined together to produce one index number which then provides the opportunity to rate countries according to the extent to which they provide freedom to their citizens. The top 10 countries in the economic freedom ranking are, in order of their appearance, Hong Kong, Singapore, New Zealand, United States, Mauritius, Switzerland, United Kingdom, Thailand, Costa Rica and Malaysia. The bottom 10 are Albania, Ukraine, Zaire, Nigeria, Iran, Haiti, Burundi, Syria, Croatia and Algeria, with Algeria having the dubious distinction with an economic freedom rating of 1.9 out of a possible 10, being the least free country on the earth.

**W**hile discussions about the economic freedom of a country are interesting in their own right, and governments deserve to be pressed upon every occasion when they attempt to reduce the economic freedom of the citizens, there are also some very practical features of the index. We have found, for example, that those countries with high levels of economic freedom also produce high levels of economic affluence for their citizens. Those countries which improve the level of economic freedom also tend to have an improvement in their rate of economic growth and standard of living. So, not only is economic freedom good in its own right, it also produces very tangible results for the citizens of the countries which adopt it. ■

Michael Walker is the Executive Director of The Fraser Institute based in Vancouver, B.C.

# WORLD TAXATION CONFERENCE

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# MPs <sup>grab</sup> their share of the fiscal dividend

by Walter Robinson

You may have never heard of the Board of Internal Economy - but you pay for their decisions. This is a group of MPs who meet behind closed doors to decide how much MPs will be paid each year and on December 8, 1997, they decided to up their office budgets by 10% effective April 1, 1998. To tide them over until then, they've received a 2.5% increase.

Members' office budgets go to pay for constituency office leases, staff salaries, equipment purchases (computers, fax machines, TVs, VCRs and the like), interconstituency travel, and for research contracts. Individually, each office spends anywhere from \$172,700 to \$207,920 for a total of approximately \$53 million.

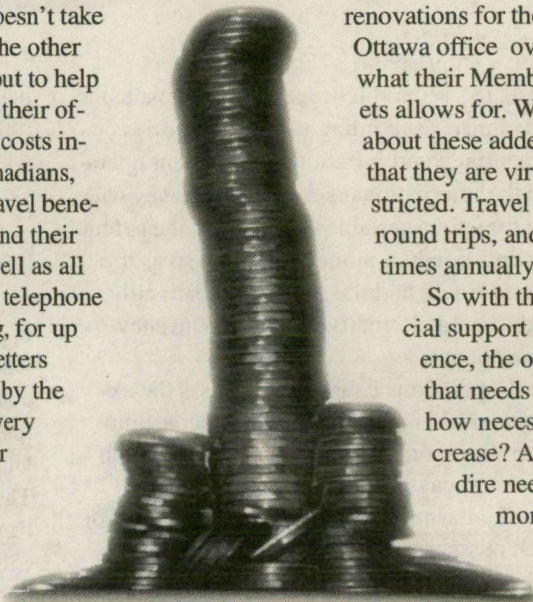
If the \$200,000 annual price tag to

run one constituency office seems like a bargain to you, think again. That doesn't take into account the other monies paid out to help Members run their offices. Further costs incurred by Canadians, include the travel benefits for MPs and their families, as well as all long-distance telephone costs, printing, for up to four newsletters sent annually by the Member to every person in their constituency, and office supplies. It even in-

cludes other furniture requirements, computer equipment, software and renovations for the Member's Ottawa office over and above what their Members' office budgets allows for. What's interesting about these added office costs is that they are virtually unrestricted. Travel is limited to 64 round trips, and mailouts to four times annually. That's it.

So with that level of financial support already in existence, the obvious question that needs to be asked is how necessary was the increase? Are MPs' offices in dire need of the extra money?

Obviously, if you ask a politi-



## The big spenders on Parliament Hill

The following is the list of the top three spenders by category for fiscal year 1996-97. This list includes the name of the MP, their political party, and province of origin. Source: *The Hill Times*

### Top three staff/other expenses:

Bill Gilmour (B.C.), Reform . .	\$187,271
Andrew Telegdi (ON), Liberal	\$183,269
Werner Schmidt (B.C.), Reform . . . . .	\$182,511

### Top three office supplies

Gerry Byrne (Nfld), Liberal . .	\$18,037
Don Boudria (ON), Liberal . .	\$13,851
Reg Alcock (MB), Liberal . . .	\$12,318

### Top three MP/staff travel

Lawrence O'Brien (Labrador), Liberal . . . . .	\$146,734
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Elijah Harper, (MB) Liberal . .	\$145,519
Ethel Blondin-Andrew (NWT), Liberal . . . . .	\$134,803

### Top three phone bills:

Robert Nault (ON), Liberal . .	\$39,354
Jag Bhaduria (ON), Independent . . . . .	\$27,878
Roger Simmons (Nfld), Liberal	\$27,459

### Top three furniture/computer equipment & office renovations

Doug Young (N.B.), Liberal . . .	\$6,622
Bob Ringma (B.C.), Reform . .	\$5,140

Gaston Leroux (Que), Bloc . . .	\$4,468
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### Top three printing bills

Maurizio Bevilacqua (ON), Liberal . . . . .	\$54,368
Reg Alcock (MB), Liberal . . .	\$37,809
John Solomon (SK), NDP . . .	\$37,439

### Top three constituency office leases

Nic Leblanc, Bloc . . . . .	\$32,554
Ringuette Maltais, Liberal . . .	\$30,826
Richard Belisle, Bloc . . . .	\$30,381



cian they will tell you so, and they'll even provide you with a list of reasons why.

For instance, if you asked you'd hear that the 10% increase is less than what was initially proposed. That's supposed to make you as a tax-paying Canadian feel better. Wouldn't we all love a 10% increase in our household budgets through a tax cut?

They will also tell you that Members' office budgets have been frozen since the 1993/94 fiscal year, while most costs have continued to climb in excess of 2% a year. No kidding. We're well aware of that too. Perhaps bracket creep doesn't concern them greatly, but the re-indexing of income tax rates to inflation would definitely make a difference in the average taxpaying Canadian family's pocketbook.

Finally, they will inform

you that a Member's office budget has nothing to do with what an MP is paid (obviously a bit of public concern here). Rather, the cost of running an MP's office is the cost of providing services to constituents. Lucky us. The fiscal dividends are being returned in kind to those of us who foot the bill for years of waste and mismanagement at every level of government.

A 10 % raise in their office budgets may seem insignificant in the face of a burgeoning \$600 billion debt, but it sends a strong message from Ottawa.

Regardless of the belt-tightening and the awareness raised of the need for sound fiscal management, when it comes right down to it, putting politicians in control of the purse strings is like putting the fox in charge of the hen house. ■

## Canadian Taxpayers Federation

Statement of revenue, expenses and surplus - Year ended June 30, 1997

### Revenue

Supporter contributions . . . . .	\$2,879,165
Special projects . . . . .	36,338
Interest and other . . . . .	9,551
<b>Total revenues . . . . .</b>	<b>2,925,054</b>

### Expenses

Advertising . . . . .	\$58,394
Bank charges and interest . . . . .	7,622
Membership development & maintenance . . . . .	1,372,765
Depreciation . . . . .	18,777
Moving & miscellaneous . . . . .	8,792
Office rent, repairs & utilities . . . . .	95,316
Office supplies & cleaning . . . . .	38,157
Postage, freight and couriers . . . . .	109,743
Printing & distribution . . . . .	45,682
Professional and legal fees . . . . .	42,377
Rentals, leases and equipment . . . . .	26,119
Salaries, wages & field management costs . . . . .	872,555
Seminars, research & development . . . . .	25,611
Special project (note 4) . . . . .	8,356
Telephone & fax . . . . .	124,040
Travel . . . . .	66,143
<b>Total expenses . . . . .</b>	<b>2,920,449</b>
<b>Surplus . . . . .</b>	<b>4,605</b>

Bureaucrats take their jobs very seriously. Read the following story taken directly from a publication called *The GST/HST News* published by Revenue Canada.

## Tax status of salads

**F**ood containing ingredients, whether mixed or not, such as chopped, shredded, diced, sliced, or pureed vegetables, meat, fish, eggs, or other foods when supplied with a dressing and/or seasoning(s), whether or not the dressing is mixed with the other ingredients, is considered to be a "salad" for purposes of determining its GST/HST status. [editor's note: HST refers to the Harmonized Sales Tax now implemented in Atlantic Canada where the provincial sales taxes and GST are combined into one tax]. A combination of one ingredient and a dressing or seasoning(s), which is sold or represented as a salad, is also considered to be a salad.

All supplies of salads, except those that are canned

or vacuum-sealed, are taxable at 7% (15% in the participating provinces). Generally, if there is no dressing or seasoning applied to the ingredients, and no dressing or seasoning is packaged separately with the ingredients, the package is not considered to be a salad and its supply is zero-rated. However, supplies of fruit salads or gelatin salads are taxable at 7% (15% in the participating provinces), even though they generally do not contain dressing.

Supplies of salads that are sold in cans or in containers that are vacuumed sealed are zero-rated. Supplies of mixed, cut vegetables that are packaged and promoted as "stir-fry" or "chop suey mixes" are also zero-rated since they are not considered to be salads. ■







## The annual check-up at Indian Affairs and Health Canada

**H**ealth Canada went in for a long overdue check up with the Auditor General. This past year, Denis Desautels decided to take a look at one of the ailments plaguing Health Canada, that of medical services and products provided for First Nations people.

First Nations people receive all their medical expenses, medical transportation, prescription drugs, over the counter drugs, dental and vision related services from the federal government free of charge. Regardless of whether or not these services are actually highlighted in treaties, this health program is poorly managed and taxpayers are the ones who are suffering.

The Auditor found mismanagement and abuse in almost all areas of the \$1 billion a year program. The most abused areas were native prescription drug abuse and medical professionals over-servicing and overcharging Health Canada for services.

Prescription drug addiction is high among First Nations people. And Health Canada is only contributing to the problem by funding their drug abuse. In his audit, Desautels noted that in a number of cases the prescription drug amounts received by First Nations people were several times the recommended maximum dosage. In fact, he noted that if these patients actually took all of the drugs prescribed by the medical establishment they would be unconscious or non-functioning. Needless to say, with such data, it is no surprise that prescription

drug related death is very common among First Nations people. For example, 15-prescription drug related deaths in a community of 500 were reported over four years.

People can receive repetitive prescriptions by "doctor shopping." A person goes to one doctor, gets a prescription, goes to another doctor, gets the same prescription again and so on. The government pays for all of the drugs, so nothing stops the person from getting more, especially if one is addicted to the drug or if the drug has a street value that enables the recipient to sell it.

Health Canada has not established a system to track prescription drug use, though some provinces have. Nevertheless, Desautels found over 5,500 claims that appeared to have been paid twice in 1996 with a potential overpayment of \$166,510. He also identified in a 3 month period 160 prescriptions that were filled repeatedly at different pharmacies on the same day.

Unfortunately, prescription drug abuse was only the beginning of the check up in the Auditor's report. More sickening was how some medical practitioners are taking advantage of the system. Some practitioners, knowing that all operations are paid for by the government, over-bill and over-service patients. For example, a dentist billed \$25,000 for 58 root canal therapy procedures—about 12 times higher than the average amount charged! Worse yet, was another dentist who claimed 40 times the average amount—\$27,000 for 356 col-



## THE TAXPAYER

oured surface restoration procedures.

And, with an endless supply of money coming from the taxpayer's wallet, as patients continue to claim large amounts of prescription drugs, Health Canada continues to pay. Even as dentists charge 40 times the average amount for services, Health Canada continues to pay.

In fact, after reviewing the Auditor's Report, one would wonder who is managing the books at Health Canada. The provincial health programs are run more efficiently. In Newfoundland, the federal government through Health Canada paid \$7.90 in dispensing fees, while pharmacies

charged the provincial government drug plan only \$3.92.

Health Canada has been aware of these problems for over ten years, but has done nothing about it. Meanwhile, hospitals are closing, waiting lists are growing and Canada's health care system is slowly dying.

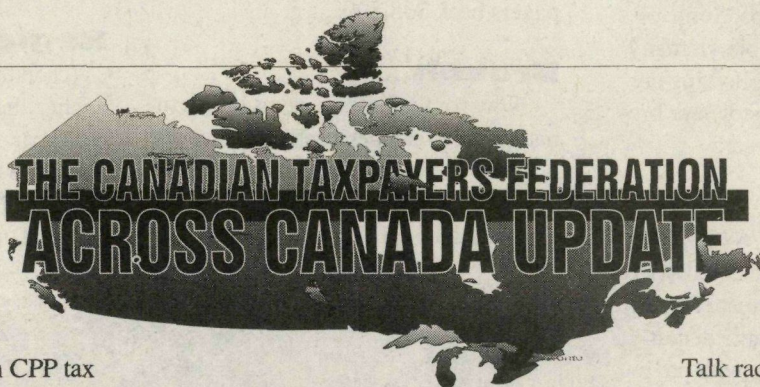
The Auditor has done Canada and natives a favour by pointing out the problems with First Nations' health programs. Health Canada did say they are going to respond. Taxpayers can only hope that it won't take another ten years before Health Canada starts working on the cure. ■

OTTAWA - Federal Director **Walter Robinson** stood outside the First Minister's Conference on December 12 for 3 hours with a CTF banner that asked the Premiers to JUST SAY NO to Ottawa's \$48 billion CPP tax grab.

WINNIPEG - Provincial Director **Victor Vrsnik** met with Finance Minister Eric Stefanson to present the MTA's pre-budget submission. The report recommended as priority number one - accelerated debt relief through a broad-based tax cut.

EDMONTON - **Mark Milke** issued a news release in Alberta calling on Premier Klein to withdraw his support for Ottawa's Canada Pension Plan changes and to force Ottawa to consider a Mandatory Retirement Savings Plan. One month later, the Premier and Provincial Treasurer Stockwell Day announced the creation of a commission to study pension alternatives.

REGINA - Ho! Ho! Ho! In the Christmas spirit, Saskatchewan Provincial Director **Richard Truscott** dressed up as Santa and delivered to Premier Romanow's office including: 23,500 petitions supporting Taxpayer Protection Legislation, 7,200 petitions opposing the endless series of utility rate hikes



cut petitions, a *Free Press* column by **Victor Vrsnik**, and a fanfare of media interviews including John Collison's 1290 Talk radio show.

by Crown monopolies; 6,000 petitions demanding further reductions in the provincial sales tax and the elimination of the provincial income surtax.

VICTORIA - Recall continues to be the top political news story in BC. Some mainstream commentators who had previously written the prospect off are now suggesting that two recall campaigns in northern British Columbia could succeed. **Troy Lanigan** has squared off in a series of debates on the subject of recall: twice with former Premier Dave Barrett; NDP MLA Graeme Bowbrick and University of Calgary professor David Bercuson.

TORONTO - Provincial Director **Brian Kelcey** challenged Tory down-loading on Global TV, a subject picked up by *Toronto Sun* columnist Linda Leatherdale.

WINNIPEG - Manitoba's tax cut campaign was kicked off December 8 with two MTA billboards. The event was accompanied by a flurry of calls for tax

OTTAWA: Federal Director **Walter Robinson** appeared on CTV National News commenting on the Auditor General's report.

EDMONTON - Alberta Provincial Treasurer Stockwell Day announced that the 1997-98 surplus would be \$2 billion. The CTF responded with a province-wide news release calling on the Klein government to continue reducing the debt and to begin reducing taxes. Provincial Director **Mark Milke** responded with many media interviews.

REGINA - CTF-SK kicked off the tax cuts campaign with billboards in Regina and Saskatoon asking, "Tax cuts for Christmas Mr. Romanow?" Once the billboards went up, Provincial Director **Richard Truscott** gave media comments to local paper and TV stations. ■



# Missing in action

Listed in the 1996-97 Public Accounts is over a quarter of a billion dollars (\$269 million) that Ottawa has lost through either purposeful or accidental losses or damages. This ranged from people cheating the Canada Pension Plan by \$287,024 to the five dollars lost in petty cash at Human Resources Development in Manitoba. Some of these losses are recoverable, in many cases they are not. The following are some of the things lost, stolen or broken over the past fiscal year.

## Theft...

At National Revenue, \$40,323 was stolen when an employee collaborated with three taxpayers to create fraudulent tax returns. At the same department, a traveler got away with paying import duties of \$461 when he was given a receipt before paying any money. Taxpayers also lost \$494 when the money disappeared while being transported to a bank by an armoured truck.

Over at Employment Insurance, taxpayers paid out over \$144 million because of fraudulent insurance claims. Between 1991-92 and 1996-97, taxpayers lost nearly \$870 million because of EI fraud. Thankfully, a significant portion of these dollars are recoverable.

At the Atlantic Canada Opportunities Agency \$17,010 was lost through a fraudulent claim for a business subsidy.

The RCMP also had \$4,595 stolen - apparently some burglars just have no respect for the law.

The pages are full of stolen lap top computers and cellular phones. Even National Defence was hit, where taxpayers were out \$256 for stolen flags. The thieves didn't even bother to call Canadian Heritage to receive a free one under Sheila Copps' vaunted give-

a-flag away program.

## Vandalism...

Vandalism also cost us. An inmate riot at a federal pen cost \$1.5 million. Along a similar vein, a demonstration regarding gulf crab resulted in damage to vehicles and property, setting taxpayers back \$38,500.

## Broken...

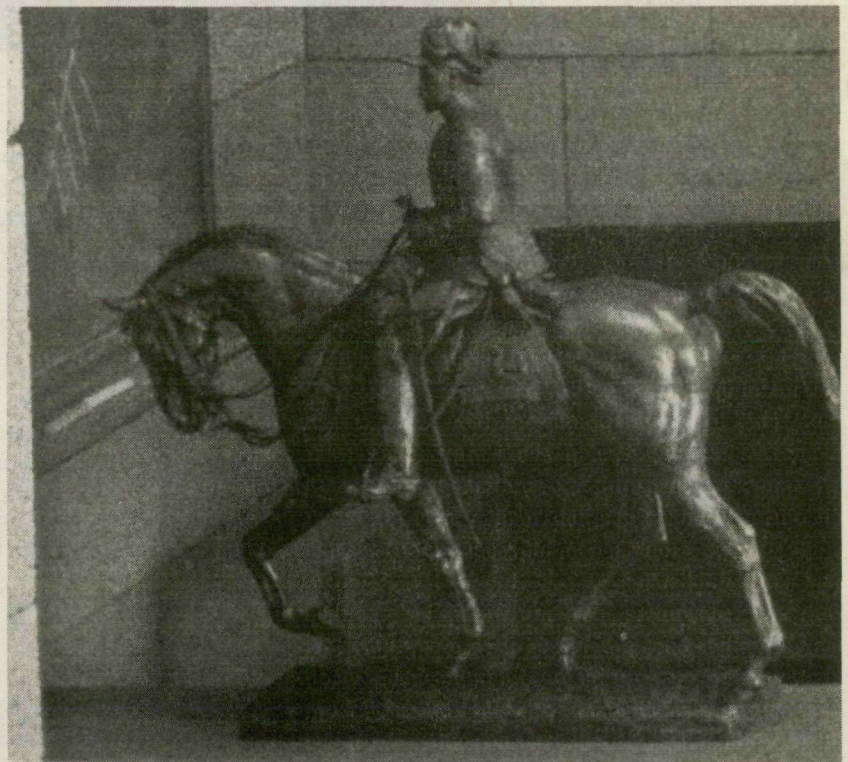
Now for the broken items. Unfortunately, these can get a bit expensive at National Defence, particularly when you break an AIM-9 missile which cost taxpayers \$145,237 to repair.

## Misplaced...

Among the long list of misplaced items were two wooden toboggans costing \$3,000 which fell off a truck driving between Nahanni and Fort Simpson. At Fisheries and Oceans, an echo sounder worth \$20,161 was mistakenly thrown out.

## Neglect...

Then there were the claims made against the Crown for damages incurred due to neglect. This included a payout to the Chinese Embassy for \$14,532. No mention of why we paid them the money. At the Income Secu-



One of Ottawa's most interesting "lost" items was recorded in the 1993-94 Public Accounts. It involved an 18 inch statue of King George V which had bounced around the offices at the Headquarters of the Public Works department until it apparently rode off on its own. The work of English sculptor Sydney March, it had been sent by the artist to the federal government in an effort to commission a full size statue. The statue was last seen in 1976 and was reported missing in 1993. Some estimate its value at \$100,000.



## THE TAXPAYER

rity program, R. Lavigne received \$3,000 for a claim concerning "language of work." W. Sallarch's car was damaged at a border crossing, when a gate crashed down on its hood. Taxpayers forked over \$1,127.

At Corrections Canada, taxpayers paid out \$4,956 for "lost" items at the Inmate Welfare Fund (Canteen).

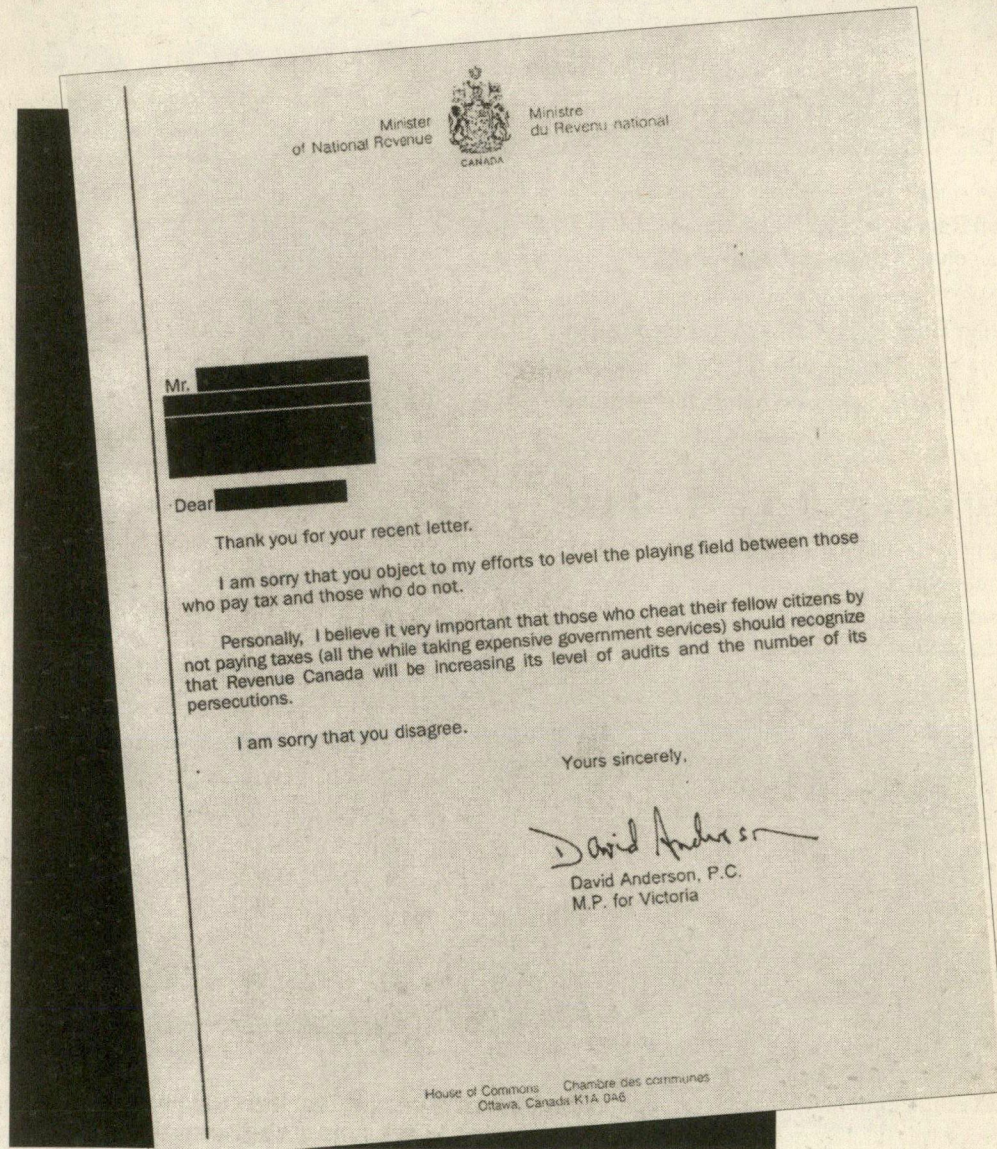
In the course of work, government employees sometimes damage personal items. Taxpayers paid \$160 for a ring that was broken when it got caught in a door handle. D. Fraser

tore a pair of trousers on a desk chair and sent in a bill for \$101. An exploding ink bottle damaged \$225 worth of clothes belonging to L. Seto.

Last year, taxpayers also forked over \$60 million for the Liberal government's botching and cancellation of the contract for Terminals 1 and 2 of the Pearson International Airport. Unfortunately, this is one problem we haven't heard the last of.

Next year, expect more of the same. ■

## Freudian slip or understatement?



Recently a supporter sent us a copy of a letter he received from David Anderson when he was Revenue Minister. The supporter had written Mr. Anderson about concerns he had regarding GST compliance. **Read carefully the last two lines of the third paragraph:** Freudian slip or understatement?



# BRITISH COLUMBIA TOTAL RECALL

**O**n February 3, 1998, two MLAs in Northern British Columbia will know their fate. That is the last day for recall proponents in the ridings of Prince George North and Skeena to gather enough signatures to remove their MLAs and force by-elections. If successful, the recall campaigns may trigger a general election. The following is a brief account of the CTF's involvement and support for these two recall campaigns.

## September 11, 1996

**T**he Ministry of Finance and Corporate Relations releases 1,200 pages of documents that reveal the Glen Clark government de-



Troy Lanigan, National Communications Director for the CTF (right) and Walter Robinson, the CTF's Federal Director, at the July news conference in Prince George B.C. announcing the CTF would serve as a support organization for citizens interested in using B.C.'s recall law.

News

KAMLOOPS THIS WEEK

Wednesday, January 22, 1997 9

## Group wants government accountable

by JEANNE SOODEEN  
This Week Staff  
A recall campaign

could hold politicians  
accountable to their elec-  
tion promises, according

to political watchdog  
Troy Lanigan.

"Our organization  
wants the government  
held to account. When  
our own finance offi-  
cials estimate an \$800-  
million deficit, it has  
nothing to do with fore-  
cast ... It has to do with  
fraud," said Lanigan,  
Canadian Taxpayers'  
Federation executive  
director.

*"There has been a growing estrange-  
ment between people and politicians.  
People should become participants in  
rather than spectators of the democratic  
process."*

- Troy Lanigan

election and the growing  
tax

Lanigan recapped the  
taxpayer

have been specta-  
tors

liberately mislead voters as to the state of the province's finances before and during the last provincial election. The CTF calls for Finance Minister Andrew Petter's resignation and announces that it will survey its supporters on the potential to use recall to revoke the government's fraudulent mandate.

"In every stump speech, on every ad and in every campaign brochure, NDP candidates boasted during the election about having balanced two successive budgets," said CTF Provincial Director Troy Lanigan. "Overwhelming evidence now shows the government was fully aware during, and probably before the campaign, that the province's budget was anything but balanced. Simply put, they misled the public and were re-elected under false pretenses."

## January 20, 1997

**T**he CTF announces that it will work to build a coalition of groups and individuals interested in launching a campaign to recall the government's mandate. The announcement comes in response to a survey sent to the CTF's 11,000 supporters in British Columbia. Eighty percent of respondents agree that the CTF should support recall efforts to revoke the government's mandate.



# BRITISH COLUMBIA

That afternoon, Troy Lanigan tells a Kamloops audience that citizens should not allow themselves to be defeated by the view that all politicians lie and there is nothing they can do about it. "This is why recall is so important. It is a tool citizens can use between elections to hold their public officials to account. It puts power and responsibility in the hands of citizens where it belongs."

## January 1997

The CTF commissions a study of the *Recall and Initiative Act*. The legal study focuses on recall's "workability" — the technical and organizational hurdles that must be surmounted to ensure a successful effort. *Vancouver Sun* columnist Vaughn Palmer highlights the report in his February 1 column. Mr. Palmer writes that while CTF's analysis finds that recall will be difficult, it is not impossible: "A half-dozen to a dozen New Democrats could face campaigns to oust them from their seats in the legislature by



## Two angry voters could topple B.C. government

Historic bid to kick out MLAs would reduce NDP's majority from three seats to one. And the resulting byelections could leave Glen Clark with a minority in the legislature

THE HUNTERS



LORNE SEXTON  
New Democrat



ALFREDO LAVAGGI  
New Democrat

By Don Rankin  
Political Reporter  
When Lorne Sexton and Alfredo Lavaggi submit a few pieces of paper this morning, they'll be making history and sending a shudder through the Clark government.  
The two men will be the first to submit a recall petition to the B.C. Recall and Initiative Commission, which will then start the process of trying to force their MLAs out of office.  
It's the first time in B.C. history — and only the second time in Canada — that voters have

submitted a recall petition to the B.C. Recall and Initiative Commission, which will then start the process of trying to force their MLAs out of office.  
It's the first time in B.C. history — and only the second time in Canada — that voters have

THE HUNTED



PAUL RAMSEY  
Conservative



HELMUT GRIESBECK  
Conservative

## History of British Columbia's recall law

The former Social Credit government under Rita Johnson put two referendum questions on the ballot during the 1991 provincial election. One question dealt with the issue of citizen-initiated referendums, while the other

asked whether "voters [should] be given the right ... to vote between elections for the removal of their MLA?"

Mike Harcourt, then leader of the New Democratic Party, declared both before and during the 1991 election that he supported the measures and promised to implement the results of the referendum.

The NDP government assigns an all-party committee of the legislature to study the issue. The committee, chaired by Ujjal Dosanjh, took 18 months but finally delivered its report on November 23, 1993.

After some additional delays, legislation was introduced on July 7, 1994 and debated late into the night finally passing at 12:45 a.m.

The *Recall and Initiative Act* became official on February 24, 1995. The legislation established that the recall of an MLA could begin 18 months after an election. A seat becomes vacant once a recall petition sponsor collects the signatures of 40 percent of eligible voters in a 60 day period.

## Historic recall campaigns to oust MLAs begin today

Voters in the ridings of two New Democrats have 60 days to muster popular support.

**THE HUNTERS**  
Lorne Sexton and Alfredo Lavaggi, two New Democrat MLAs, are the first to submit a recall petition to the B.C. Recall and Initiative Commission. They are running in the riding of Kamloops and are the first to do so. They are running in the riding of Kamloops and are the first to do so.

**THE HUNTED**  
Paul Ramsey and Helmut Griesbeck, two Conservative MLAs, are the first to be targeted by a recall petition. They are running in the riding of Kamloops and are the first to do so. They are running in the riding of Kamloops and are the first to do so.



# BRITISH COLUMBIA

## PRINCE GEORGE CITIZEN

Serving the Central Interior since 1916



### 'Recall' meeting boisterous

Ramsey supporters oppose action to oust MLA

by GORDON HOEKSTRA  
Citizen Staff

It was a little like a battle.

A group trying to recall local NDP MLA Paul

Ramsey attracted 100 people to a

at the conclusion of a study (several years ago),

said Llewellyn in the lobby of the Civic Centre fol-

lowing his election.

The recall is a well-organized effort in the NDP ke-

That would give the group the necessary 8,500

signatures, 40 per cent of voters in the riding.

Hobbs believes the signatures can be gathered in 10 days.

That would give the group the necessary 8,500

“Mr. Troy Lanigan and his Canadian Taxpayers Federation. He said after the 1996 election that he intended to use the Recall Act to re-fight the 1996 election. And that he would be trying to find 3 or 4 or half-a-dozen different seats where he

thought he could help locals get a recall campaign going. And he has done it.”

- Education Minister and recall target Paul Ramsey, Rafe Mair Show, CKNW Radio, December 1, 1997.

the end of the year if a recall plan being developed by the Canadian Taxpayers Federation is taken up by local organizers. ... I'm persuaded that it might be possible to collect enough signatures on a petition to recall a sitting MLA. But it will be exceedingly difficult to meet all the tests of law necessary to prevent that petition from being sabotaged by government supporters or thrown out by the chief electoral officer. As Mr. Lanigan notes, the number of signatures is daunting but not unthinkable.”

## July 29, 1997

**A**t a press conference in Prince George, the CTF announces it will act as a support organization for citizens wishing to use the province's recall law. In the early stages the CTF says it will accept local invitation to support emerging campaigns in Skeena (MLA Helmut Geisbrecht) and Prince George North (MLA Paul Ramsey). The CTF announced a toll-free number, 1-888-BOOT-OUT, to raise funds and gauge support for potential recall efforts in other constituencies. The CTF aims at supporting enough campaigns - three - to reject the current government's fraudulent mandate. The CTF promises support in the form of legal advice, canvasser training manuals, and some pre-petition period advertising.

“Outrage amongst voters over issues like the budget lie and pension grab are predictable, but what is frustrating for voters is the inability to ‘do something about it,’” said Lanigan. “Recall bridges that gap between

frustration and anger on one hand and a means to do something about it on the other.”

## Week of October 27, 1997

**T**he NDP government begins to take the recall efforts seriously. At the Premiers' Northern Jobs Summit - coincidentally held in Prince George a month out from the recall start date - Glen Clark was forced to address the issue head on: “This is an abuse of the process,” Clark huffed. “It's disturbing to see politics get involved in the recall campaign.” A *Vancouver Province* editorial was quick to rebuke the Premier: “Oh, come on. Voters are entitled to challenge politicians for any reasons they like. Just because Clark doesn't like it hardly makes it abuse. ... Ultimately it's up to voters to weigh the merits of the various campaigns - the same voters who elected the NDP in the last election. Now surely Clark isn't suggesting they're too thick to make an informed decision ... or is he?”

## November 12, 1997

**A**s November 28 approaches, the first day citizens can apply for recall petitions - Elections BC still has still not released several key forms and regulations necessary for recall to proceed. The CTF learns that these forms require Cabi-



# BRITISH COLUMBIA

net approval before recall can proceed. The CTF blows the whistle with a press release: "We challenge [the government] to approve the regulations forthwith or call the legislature back into session and abolish the Act. It is pure cowardice to hide behind regulatory technicalities – if they plan to abolish the recall law they should be upfront with the public." In the face of heightened public scrutiny, the regulations were approved later that day. Recall proponents state if it weren't for the CTF blowing the whistle, it is doubtful whether the recall efforts would have been allowed to proceed on schedule.

## November 18, 1997

**T**he CTF announces that it has accomplished almost everything it set out to do with its support for the recall campaigns. Following its participation in two recall volunteer training seminars on the weekend of November 22-23, the CTF wraps up its direct involvement. The CTF has succeeded in putting the tools needed for recall to succeed in the hands of local organizers. The CTF pro-



Recall proponents (from left to right) Pertti Horkonnen and Alfredo Lavaggi from Prince George and Lorne Sexton of Terrace answer reporter's questions in front of Elections B.C. Office in Victoria after filing their recall application on November 28, 1997.

## Premier attacks opponents over recall campaign

By Don Hauka  
Political Reporter

PRINCE GEORGE — Premier Glen Clark says recall campaigns are "a waste of time" and that NDP MLAs are "not the law."

Clark said, "It's disturbing to see politics get involved in the recall campaign."

The recall law, he said, was "not the law."

duces two training manuals, one for signature canvassers and the other on financing a recall campaign, and sponsors legal counsel to answer technical questions regarding recall legislation. The CTF says it will remain as a watchdog over the recall process.

## November 28, 1997

**R**ecall proponents from Skeena and Prince George North fly to Victoria and submit applications for recall petitions to Elections BC.

## December 5, 1997

**B**.C.'s Chief Electoral Officer issues the recall petitions. Recall proponents have until Feb. 3, 1998 to collect the signatures of 40% of registered voters in their ridings. ■



# CRASH HELMUT!

Paid for by The Committee To Recall Helmut Geisbrecht - 1997

Recall proponents in the Skeena constituency came up with the clever slogan "crash Helmut" in honour of their MLA Helmut Geisbrecht. While the bumper stickers adorn vehicles throughout Terrace and Kitimat, they are reported to be on vehicles through-out British Columbia!"



# ALBERTA

**Memo to Alberta's energy industry from Ottawa:**

## DROP DEAD

Question: What's wrapped in green and about to be delivered to Alberta via a knockout punch to Canada's energy industry? Answer: Not a late Christmas present, but Ottawa's "Chicken Little" approach to environmental policy and its irrational approach to foreign policy. Those two policy mistakes will lead to a third - a tax under another name that will punish Alberta's energy sector.

First the sky-is-falling approach to environmental policy. Supporters of the global warming theory argue there is a link between man-made emissions produced by coal and gas, and higher global temperatures. They argue the planet will suffer an environmental Armageddon - prairies will turn into dust bowls for example - if



Photo: Edmonton Sun

decade. In other words, a scientific dust-up is now occurring.

So what is the average scientifically-challenged person - and that includes most politicians - to do? Well, how about remaining skeptical - a good scientific position - until there is more evidence either way? Canada did not rush out to sign "global cooling" agreements in the 1970s when some scientists warned of a coming ice age.

"It is different now," cries Chicken Little. "Inaction will doom our planet to destruction. Many scientists signed a United Nations study saying this is a virtual certainty." Yes - and many did not, and some that did also disagreed with the report's final conclusions.

As for Ottawa, they have had five years since greenhouse gases became a hot topic at the 1992 environmental conference in Rio de Janeiro to design a policy, and only got around to thinking about it this past autumn. In fact, they

emissions are not reduced.

However, other scientists question this link. They argue that much of the warming of the earth's surface took place before 1940, before much of the increase in man-made emissions took place. Further, they argue that satellite evidence shows atmospheric temperatures to be stable or falling over the last

### Do YOU get our TAX FAX?

CTF Alberta sends out a one-page commentary every two weeks on issues affecting Albertans. Recent TaxFaxes discussed provincial surpluses, gas taxes, the CPP, and tax cuts. TaxFax is a free service to CTF supporters. Get informed - all we need is your fax number!

### Do YOU have our Tax Cut Petition?

We are running a petition asking Premier Klein to lower Alberta's personal income tax rates. In 1997, Albertans paid taxes until June 19<sup>th</sup> to fund three levels of government. Surely Albertans deserve more than just half of their money every year. Tax cuts are the seeds of future economic growth. Alberta should lead the way on tax liberation as they have on deficits and debt reduction!

To order TaxFax or receive tax-cut petitions, fax us at: 1-403-482-1744, or phone 448-0159 (Edmonton), 640-0792 (Calgary), or 1-800-661-0187.

## Ottawa's environmental suicide pact

Using the federal government's own statistics, Gwyn Morgan from Alberta Energy Co. recently calculated what stabilizing emissions at 1990 levels would do to the economy. (In Kyoto, Ottawa agreed to reduce emissions 6% below 1990 levels.) Mr. Morgan calculated that the equivalent of *one* of the four following actions would have to occur:

- Shut down 40% of domestic agricultural, petrochemical, industrial processing, metal production and other industries, using hydrocarbon processing or combustion.
- Shut down all agriculture and the heating of 25% of Canadian homes.
- Shut down the entire upstream oil and gas exploration industry.
- Remove 50% of all passenger vehicles from Canadian roads.

Source: Gwyn Morgan, CEO - Alberta Energy Co. Ltd., calculated using Environment Canada statistics.



# ALBERTA

were still debating what Canada's position should be as federal Environment Minister Christine Stewart boarded a plane for Japan this past December for the United Nations conference on greenhouse gases. Apparently well prepared, thought-out positions on important questions are unnecessary. Ditto for sober second thoughts.

The reason for the sudden urgency has nothing to do with scientific certainty

but with the Prime Minister's desire to upstage the Americans on the world stage. Jean Chretien told Stewart to one-up the Americans by committing to cut Canada's emissions by a greater percentage than whatever the United States committed to. That is hardly a smart way to conduct foreign policy or to design environmental policy.

As for Ottawa's promise not to raise taxes. Fat chance. How can Ottawa re-

duce emission levels (already up 8% since 1992) below 1990 levels without dropping an anvil on the head of energy producers or users? And anything billed to industry will filter down to Canadians otherwise behaviour will not change. Proceeding with this on the basis of questioned science is folly. But watch Ottawa do it anyway. And get ready for a body-blow to Alberta's energy industry courtesy of a massive tax grab. ■

## Tax cuts or tax hikes?

### The Promises:

"It is the policy of this government that we maintain the most competitive tax regime." - Premier Ralph Klein, December 16, 1997.

"Raising taxes would be about as popular with Albertans as closing the subway would be with commuters here in Tokyo." - Premier Ralph Klein, addressing the Tokyo Chamber of Commerce, October 10, 1997

"We will not raise taxes." - Premier Ralph Klein, in a letter to the *Globe & Mail*, November 7, 1997

"We have an obligation to look at tax cuts." - Premier Ralph Klein, December 23, 1997

### The Reality:

#### TAXES HAVE GONE UP

**Bracket creep:** An Albertan with a 1997 income of \$35,941 paid \$1,210 in extra provincial and federal income taxes last year. That is because the last time Alberta and Ottawa raised the thresholds of income tax brackets to account for inflation was in 1992. (The "threshold" is where you move from one tax bracket into another.) Between 1992 and 1997, that \$35,941 wage earner paid \$5,666 in extra federal and provincial income tax. Someone earning \$71,883 in 1997 paid \$1,782 in extra provincial and federal income tax. For the period 1992-1997, they paid an additional \$9,935 compared to what they otherwise would have paid had tax brackets been indexed to inflation. (Source: KPMG.)

#### TAXES ARE GOING UP

**Canada Pension Plan:** Tax hikes from Alberta's agreement with Ottawa will take \$6.1 billion out of Albertan's pockets over the next six years. That means someone earning \$25,000 who receives a 2.5% per year wage hike will pay \$1,928 in extra CPP taxes over the next six years, while a \$35,800 worker will pay an extra \$2,882. Employers will cough up equivalent amounts. The self-employed who earn those amounts will pay an extra \$3,856 and \$5,764 respectively.

### The Solution: Tax Relief

"I believe Canadians, and that includes Albertans, are over-taxed, particularly if you look at the results governments achieve for those dollars and if you look at our nearest competition, the US." - Alberta Treasurer Stockwell Day, in Ottawa, December 3, 1997.

"I hope it doesn't fall more on the middle class because we're already overtaxed." - Alberta Liberal treasury critic Gene Zwozdesky, on taxes and changes to Alberta's tax system. December 11, 1997.

*Your action can make a difference! Tell your politicians to stop raising taxes and start cutting them!*

#### Action No. 1

Sign the CTF Tax Cuts Petition and get others to do the same.

#### Action No. 2

Contact your MLA. If you don't know their phone number, call toll-free 310-0000 and ask for your MLA's phone, fax number and address.

#### Action No. 3

Contact Premier Klein at: 403-427-2251. (Long-distance? Dial 310-0000 and ask to be connected directly.) Fax the Premier at: 403-427-1349. Write the Premier at: 307, Legislature Building, Edmonton, AB, T5K 2B7

#### Action No. 4

Contact Stockwell Day at: 403-427-8809 (Long-distance Dial 310-0000 and ask to be connected directly.) Fax the Treasurer at: 403-427-8809. Write him at: 224, Legislative Building, Edmonton, AB, T5K 2B7 ■

### CTF lights up Christmas with a billboard campaign

**Tax Cuts For Xmas  
Mr. Klein?**

**Tax Cuts  
Petition/Hotline  
448-0159**

**CANADIAN  
Taxpayers  
FEDERATION**



# SASKATCHEWAN

## Playing Monopoly with your tax dollars

by Richard Truscott

In the board game Monopoly, the most desirable properties to own are those drab, uninteresting, but steady moneymakers – the utilities. Throughout Saskatchewan's history, the government has adopted this strategy and relied on Crown utilities to be their steady money makers.

But a lot has changed over the years. While the rest of the world embraces more competitive markets through deregulation and selling state-owned enterprises, central planning is alive and well in Saskatchewan. Over one sixteenth of the province's economy and one tenth of its jobs are being restrained in Crown corporations.

### Get out of jail

In recent years, however, the shine has started to come off Saskatchewan's crown jewels. And taxpayers

are beginning to ask questions. The most important one – is there a reason for the continued state ownership of the province's utility industry?

The answer, of course, is no. It's time to liberate the economy from the shackles of government control and ownership. With appropriate safeguards in place to protect consumers, there is no compelling reason for continued state ownership of Saskatchewan's utilities. Maintaining state ownership will only result in higher utility rates, a larger debt burden, and lost economic opportunities.

The government argues that utilities have a "natural monopoly." But does this mean the government must own them? Consumers can be protected against unacceptable rate hikes by a well-devised regulatory regime. In fact, many privately owned telephone, gas, and electricity companies throughout North America are subject

to an independent, government-appointed regulatory watchdog.

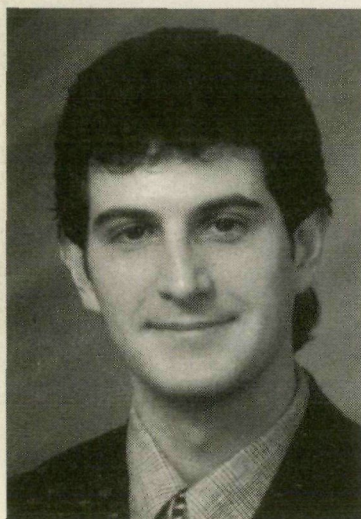
### Do not pass go and collect \$5.5 billion

The Saskatchewan government should leave the business of doing business to the private sector. SaskEnergy, SaskPower, SaskTel, SGI, and STC with their \$5.5 billion in assets should be sold off and the proceeds used solely to pay down the province's \$20-billion debt. The result would be a permanent dividend for taxpayers in the form of lower interest costs on servicing the remaining debt.

Furthermore, the private sector can run these businesses more effectively than the government. In Nova Scotia, the UK, New Zealand and elsewhere, efficiency, effectiveness, customer relations, and cost control have all been enhanced by private sector operation. In fact, a recent study commissioned by Ontario Hydro found that power customers in Britain have benefited from lower electricity prices and dramatic improvements in customer service, since the private sector took over.

Privatization is an opportunity to improve quality and reduce costs. Add in competition and consumers are able to choose which privately owned companies best reflects their individual preferences.

Also, Crown corporations by their very nature are political animals. The government appoints their Boards and directs their affairs. Privatization would eliminate the government's interference and replace it with business expertise and accountability to shareholders. Politically driven decisions



The Canadian Taxpayers Federation is pleased to announce the appointment of Richard Truscott as the new Saskatchewan Director effective Dec. 1, 1997. Richard was born and raised in Calgary where he received a Bachelor of Arts Degree in 1990. For the past four years he has worked in Ottawa researching agriculture, resource and international trade issues. Until the last federal election, he was the executive assistant to Mr. Elwin Hermanson, MP for the Saskatchewan riding of Kindersley-Lloydminster. More recently, he served as Parliamentary Assistant to Mr. Peter Goldring, MP for Edmonton East.



# SASKATCHEWAN

would take the back seat to a more economically sound procedure for setting utility rates.

But perhaps, the most convincing argument for privatization is the enormous intergenerational debt burden. Unless we take action now, the next generation will inherit a massive debt

load. Privatizing Crown corporations would pay a permanent dividend back to future generations of taxpayers.

## Playing the Opportunity Card

With appropriate regulation, the consumer will benefit, competition will flourish, and private sector effi-

ciency will be brought to bear which would have long-term benefits for Saskatchewan residents. As a result, private companies will be able to compete for both domestic and export markets and create new economic opportunities and jobs for the people of Saskatchewan. ■

# Roll the bones

## Politicians gamble with your tax dollars

**P**lace your bets and let the politicians spin the wheel. Politicians and Crown executives are playing a high-stakes poker game with our tax dollars on risky ventures in foreign countries.

SaskEnergy recently confirmed that it will spend \$3 million to \$5 million to build a natural gas distribution project in Chile. SaskTel will spend up to \$63 million on a telecommunications venture in New Zealand. And SaskPower is buying half of an electric utility company in Guyana for \$31 million.

The provincial cabinet, which must approve utility rate hikes, has anteed-up each and every time a Crown monopoly wants to increase their take. With their monopolies, Crown corporations have hit the jackpot - they are able to hike utility rates at will. As a result, consumers are being gouged to feed their international gambling habits.

The NDP government contends that the Crowns must expand their out-of-province dealings if they are to remain economically viable, but investing in a foreign country is a risky roll of the dice. As long as Saskatchewan's utility markets are controlled by state-owned monopolies, taxpayers and consumers will be on the hook for any losses.

SaskTel lost \$16 million in a U.S. cable installation company in 1996. It has also been uncovered that the American company that SaskTel has joined up with in the New Zealand project is a perpetual money loser. Even scarier is the admission by SaskTel executives that the corporation will spend between \$150 million and \$200 million in foreign countries over the next few years. And they admitted that there are no limits as to how many projects they might fund. Clearly they believe the sky is the limit.

The Provincial Auditor recently revealed that SaskPower has failed to publicly disclose a \$8.1-million loss over the past two years by one of its subsidiaries, Channel Lake Petroleum. The Auditor criticized the Crown corporation for not having ade-

quate rules and procedures to safeguard its assets and limit its risk of incurring losses.

When our Crown utilities gamble with risky offshore speculation, a much higher degree of accountability is needed to ensure that taxpayers' money is protected. But it just doesn't seem to be in the cards. ■



December 12, 1997 - Saskatchewan Provincial Director Richard Truscott on the steps of the Saskatchewan Legislature delivering 40,000 petitions to Premier Romanow on a variety of issues ranging from tax cuts to taxpayer protection legislation. Dressed as Saint Nick, Richard said that a tax cut would make a great Christmas present for Saskatchewan taxpayers.



# MANITOBA

By Victor Vrsnik

**F**inance Minister Eric Stefanson is holding a fistful of taxpayers' savings worth \$577 million. Now the government is asking Manitobans through a series of public consultations what to do with this surplus.

Part of the \$577-million surplus is already spoken for. By law, the Province is obliged to keep a minimum of 5% of expenditures (or \$270 million) in the savings account to deal with unexpected emergencies.

Another \$100 million will be channeled into flood-relief costs.

As for the balance, many Manitobans are torn between the benefits of accelerated debt relief and a broad-based tax cut. Though few Manitobans would refuse a tax cut, many are sensi-

celerate debt repayment in the medium term.

So far, the Province is on schedule to retire its \$8-billion debt over a 30 year span. This year Manitoba will make its first \$75-million payment. Record low interest rates are saving Manitobans millions of dollars in debt servicing costs. This is encouraging news, but the battle to subdue the debt is far from over.

Alternatively, if the government switches into high spending mode, the debate over the merits of tax cuts will be reduced to nothing more than an academic exercise.

The spending lobby is already pressing the government for more money, and the government seems ready to deliver. Promising "shared and growing economic prosperity," the government is showering an extra \$100 million on health, education and family services - unreformed departments that already gobble two-thirds of the entire provincial budget.

Did it ever occur to anyone to allow

Manitoba families to keep more of their income through a tax cut and let them decide how their money is best invested? Perish the thought.

The reasons for tax cuts are compelling. According to calculations by the Fraser Institute, Tax Freedom Day for Manitobans came as late as July 3rd this year. From January 1st to Tax Freedom Day, the total income of all Manitobans went to cover the appetite of our three levels of government. Only after July 3rd, did Manitobans actually start to work for themselves and their families.

Meanwhile, taxes are still rising in the form of 'bracket creep'. This occurs when inflation-driven wage increases push you into higher tax brackets. Yet Ottawa and the provinces refuse to re-index the basic personal income tax exemption to the rate of inflation. In the end, you wind up paying more in taxes while your disposable income drops.

The alliance of Ottawa and the provinces has also sky-rocketed CPP taxes by 73%. The average Manitoban will fork over an additional \$3,100 over the next six years in additional CPP taxes.

The time has come to give all taxpay-



## Focus

Editor: Brian Cully (497)7004

### Money in citizens' hands stimulates economy Return surplus to taxpayers

The provincial government is trying to decide what to do with the \$577-million surplus of the Manitoba Treasury. The government is asking Manitobans what to do with the surplus. The government is asking Manitobans what to do with the surplus.

#### ISSUES & IDEAS

Victor Vrsnik

tive to the alarming costs of the provincial debt and would like to see it erased once and for all.

In the post-deficit era, tax cuts and accelerated debt reduction are not mutually exclusive objectives. Lower taxes would energize the economy and expand the tax base, which in turn would generate more tax revenue with which to retire the debt. In other words, tax cuts would free up more money to ac-



# MANITOBA

ers a dividend for the sacrifices they made in wiping out the deficit and lowering the provincial debt. Without cutting a dime from program spending, the government could return to Manitoba families part of the collected surpluses by lowering taxes. By cutting personal

income taxes by four points, the average family of four at a \$40,000 income could count on keeping an extra \$215 of their earnings. The Province would give up a mere \$80 million in the short term. But the stimulative effect on the economy from a tax cut would maximize tax

revenues in the long term.

The record \$577 million surplus is a signal that Manitobans pay far too much in taxes. It's a reminder that in the post-deficit era, the time is right to enter into a dialogue with the public on tax relief. ■

# Manitobans say

When asked what Ottawa should do with any surplus money in the post-deficit era, most Manitobans opted for tax cuts. And when it came to selecting which taxes to cut, Manitobans were split between income taxes and the GST. These findings emerged from a *Globe & Mail*/Angus Reid Poll in October, 1997.

Following Federal Finance Minister Paul Martin's recent announcement that the national deficit will likely be eliminated next year, Manitobans were split over the options of tax cuts and reducing the debt. In the poll, 43% of Manitobans felt Ottawa should reduce taxes, compared to 42% who favoured lowering the debt. Only 10% wanted to spend more on government programs.

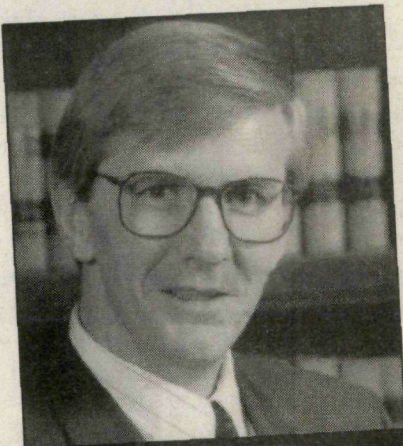
Paul Martin's recent decision to shave 20 cents off the base rate of Employment Insurance (EI) premiums seems to have been made in disregard to the Angus Reid survey results. Given a choice of three possible tax cuts the government could make over the next couple of years, only 7% of Manitobans favoured a drop in EI premiums, compared to 46% of Manitobans who favoured cutting the GST, and 46% who opted for reducing personal income taxes.

Income taxes take the biggest bite out of the average Manitoban's income. A Manitoba family earning \$54,000 will pay almost \$10,000 in income taxes for 1997, compared to \$3,890 in sales taxes.

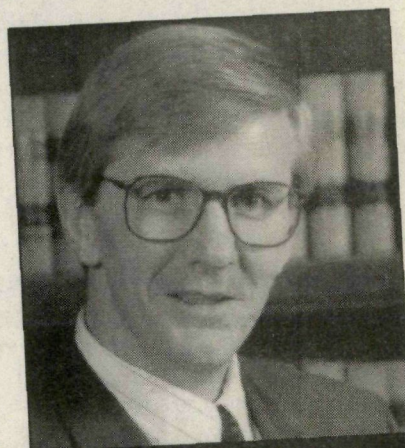
Debt reduction still remains a high priority for Manitobans, and for good reason. The accumulated net federal debt now stands at almost \$600 billion. Inter-

payer protection act partially accounts for the low level of confidence in the fed's ability to discipline government spending. Adoption of the Taxpayer Protection Amendment drafted by the Taxpayers Association would outlaw deficits. The Amendment ensures that deficits would become illegal, and that financial penalties be applied to politicians who violate the law.

Although the survey targeted federal priorities in the post-deficit era, the provincial government should pay close attention to the results when drafting the 1998 budget. Overwhelming support by Manitobans for making tax cuts priority number one should serve as a wake-up call for politicians who would channel either provincial or federal surpluses into program spending. Manitobans say yes to tax cuts - now.



**Write: The Hon. Eric Stefanson -  
Minister of Finance, Room 103,  
Manitoba Legislature, 450 Broad-  
way, Winnipeg, MB, R3C 0V8 Ph:  
(204) 945-3952 Fax (204) 945-6057**



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# ONTARIO

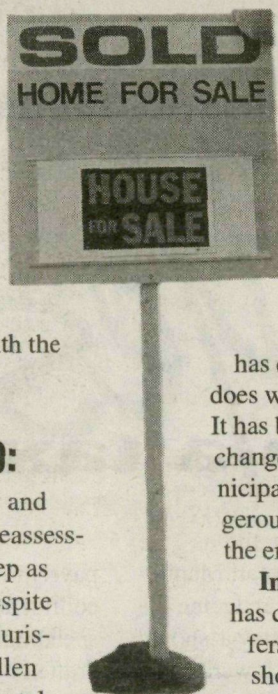
## Stupid property tax tricks 6 really baffling property tax reforms

If you own property or rent space for a business in Ontario, you might want to think about selling and fleeing with whatever profit you can take. If you don't, you are in for some headaches in the next few years. The Ontario government has found new ways to make it more confusing, inconvenient and expensive for you to keep the family home or a job-creating small business. The man responsible for most of these 'reforms' is Al Leach, Minister of Municipal Affairs. Don't count yourself lucky: if you escape one reform, he'll probably get you with the next.

### Actual Value Assessment (AVA):

#1 The mother of all stupidities. Despite the costly and abysmal failure of Winnipeg's AVA reassessment, despite Vancouver's decision to step as far away from AVA as it legally can, despite a flood of defections from within U.S. jurisdictions, the Ontario government has fallen for the municipal affairs bureaucracy's fairy tale dream-market reassessment by an army of bureaucrats. The complex and unstable system will punish those who moved into the wrong neighborhood decades ago or foolishly added value to their property.

**Impact:** Over five million Ontarians live in jurisdictions that saved money or maintained tax stability by avoiding Ontario's four year reassessment standard. Expect wild changes in assessment in these areas. While some will benefit from AVA in the short term, the Canadian and U.S. experience shows that everyone loses in the end from the system's high cost and instability. Of course, the chief beneficiaries of AVA – the professional class of assessment bu-



reaucrats – convinced Mr. Leach that taxing someone without considering income, ability to pay, or consumption is all about "fairness." Well done, bureaucrats!

### Downloading:

This began as a wise attempt to "disentangle" provincial/municipal overlap. Now, disentanglement has evolved into downloading. "Who does what?" is now "who knows what's going on?" It has become increasingly hard to keep up with the changes, retreats and promises made to soothe municipalities about the coming fiasco. The most dangerous download – social service costs – remains in the entanglement package.

**Impact:** No one is quite sure, since the province has committed to dump money into municipal coffers to ensure that downloading doesn't create short-term tax hikes. This includes a \$100-million loan to help Toronto deficit-spend its way

through amalgamation. Little has been said about long term relief. At press time, Haldimand-Norfolk's credit rating was downgraded by the Canadian Bond Rating Service as a direct result of downloading.

### Amalgamation:

The Fraser Institute called Ontario's municipal amalgamations a "totalitarian ideal" in a recent report, noting U.S. and CTF research that demonstrated consistently higher taxes and service costs in amalgamated cities.

Some Toronto-bashers mistakenly believe that amalga-

mation was only intended to make Canada's most unloved city suffer. Sadly, Hamilton, Chatham and Kingston have all taken hits from this grossly simplistic big-government bonanza.

**Impact:** If amalgamated municipalities equalize mill rates, ratepayers in jurisdictions with higher tax burdens will benefit. Residents who

### From the Queen's Park Hansard, debate on Bill 106, May 15, 1997

**Mr. Gerry Phillips (Scarborough-Agincourt):** I know how you got elected Ms Bassett, and I know how Mr. Leach got elected.

**Hon. Al Leach (Minister of Municipal Affairs and Housing):** Hard work.

**Mr. Phillips:** Well, hard work. Here's Al Leach, just so you all know. The way he got elected was by saying, "My party and I will never support the imposition of MVA in Metro Toronto."

**Hon. Mr Leach:** We never will.

**The Deputy Speaker:** Order, please. The member of Scarborough-Agincourt has the floor.

**Mr. Phillips:** Just so people watching understand, the minister, Mr. Leach, is barking over here. It was he who promised you he would never introduce market value assessment. We've had the officials confirm this is market value assessment...



# ONTARIO

live in more tax-competitive municipalities will suffer. If there is no equalization, then what was the point of amalgamating in the first place? Watch for high startup costs and bureaucracies as big as their unamalgamated predecessors. In Metro Toronto, unified police forces have asked for 2 million new dollars to remove the word "Metro" from stationary, uniforms and cars. Same service, new name, new costs.

## Tax Shuffling:

#4

The infamous Bill 160 included a subsection that reduced the education tax rate on relatively overtaxed apartment buildings. The only catch is that almost all of the tax cut will be shifted onto other residential or commercial ratepayers. Another act eliminates the "obsolete" Business Occupancy tax (BOT). But this 'tax cut' is really a tax shift, since the funds normally raised from property owners by the BOT will now be raised from commercial landlords.

**Impact:** Opposition sources estimate a provincial shift of \$300 million from apartments to single-family dwellings. Pre-unification City of Toronto estimates show a \$100-million shift within the boundaries of unified (formerly Metro) Toronto for the same shuffle. The BOT shift is worth \$1.6 billion.

*"We're real upset. Taxation with representation was bad enough..."*

- CTF Ontario Director Brian Kelcey, quoted in the *GTA Business Journal*.

## Taxation-by-Regulation: (aka taxation without representation):

#5

Bill 160 contains a "temporary" measure that allows the Minister of Finance to set property tax rates for education by regulation, without any debate or vote in Queen's Park. This power is probably unconstitutional. The government argues that it had to pass the section because it did not yet have a mill rate for the province-wide education tax. So why not simply return for a brief session to legislate the mill rate? Why is there no time limit in the section if the power is temporary? And why is the government going ahead with such massive reforms if it can't show their impact on taxpayers?

**Impact:** Sets a terrible precedent, and exposes the finan-



cial uncertainty behind the Bill 160 package. Probably no long-term impact for taxpayers, assuming the government delivers on a promised education tax freeze and early amendment of section 257.12. Given the failure of PC caucus members to deliver on a promised balanced budget law and promised opposition to any market value assessment scheme, don't get too attached to any government promises.

## Subtle Censorship:

#6

Thanks to changes designed to create a "uniform provincial assessment notice," municipalities can no longer provide any explanation for tax hikes in tax notices. This ensures that anti-downloading mayors can't use the assessment mailout to explain the mysterious changes to property tax bills.

**Impact:** Insults taxpayers' intelligence.

Throw in changes to the appeal systems and another dozen-odd changes buried in various bills, and taxpayers can only come to one conclusion. Frankly, Al Leach loves big, bureaucratic government. He's proven it by supporting several reforms which created massive chaos and unfairness where there once was only considerable chaos and unfairness.

Mr. Leach did this with help from other caucus and cabinet colleagues who were willing to live the dreams of a self-interested bureaucracy. It would be nice if these colleagues were wise enough to toss all the above reforms back into the musty, cabbage-clogged, 1973-era garbage can from which they seeped. Sadly, it looks like taxpayers will have to do it for them. Just watch us. ■



# Canada Heritage cultural grants

Below is a listing of some of the grants handed out from Canadian Heritage under the Cultural Initiatives Program in fiscal year 1996-97. The

federal government handed out \$5,832,733 under this program that year. The information was obtained through Access to Information. The

list contains the name of the organization, the amount received and in some instances, the purpose of the grant.

25th Street Theatre Centre Inc. - 1996 Saskatoon International Fringe Festival ..... \$2,125  
 Algoma Arts Festival Assoc. 1996 Algoma Fall Festival ..... \$22,500  
 Anus De La Rel D'or Canada ..... \$12,000  
 Atlantic Fringe Festival Society - 1996 Atlantic Fringe ..... \$ 8,700  
 Beaches Jazz Festival Inc. - The 1996 Beaches International Jazz Festival will feature over 300 musicians in free performances. .... \$13,500  
 Belfry Theatre Society - The Studio Festival will present three plays, for a total of 38 performances, with participating artists expected from at least three provinces across Canada. .... \$6,300  
 Biennale Nationale De Ceranhque ... \$24,300  
 Brandon 1997 Canada Games Society Inc. —The Cultural Division of the 1997 Canada Games will consist of artistic presentations at the Opening and Closing Ceremonies and daily activities throughout the period of the Games. .... \$75,000  
 British Columbia Touring Council For The Performing Arts — To establish a presence on the World Wide Web ..... \$15,300  
 British Columbia Touring Council For The Arts — Pacific Contact is a major trade fair of the performing arts which brings representatives of the touring arts industry from across Canada, the U.S. and internationally to view showcases and meet and negotiate bookings with sponsors. .... \$30,000  
 Brott Music Festival - The Boris Brott Summer Music Festival will feature popular classics, opera/opera, oratorio, classical, orchestral, recital, chamber music, dance and jazz. .... \$30,000  
 Brott Music Festival - The Boris Brott Summer Music Festival will feature popular Classics, opera/opera, oratorio, classical, orchestral, recital, chamber music, dance and jazz. .... \$42,000  
 Canada Dance Festival Society - The Canada Dance Festival is a bi-annual showcase for dance companies and independent dance art-

ists ..... \$171,000 50  
 Canadian Arts Presenters Association - Annual Conference ..... 27,000  
 Canadian Arts Presenters Association—Annual Conference ..... \$27,000  
 Canadian Institute Of The Arts For Young Audiences ..... \$4,500  
 Canadian Institute Of The Arts For Young Audiences ..... \$19,837  
 Canadian Institute Of The Arts For Young Audiences - Vancouver International Children's Festival. The festival will show artists from several provinces, as well as international participants from Zimbabwe, Australia, Japan and Russia. .... \$68,953  
 Canadian Institute Of The Arts For Young Audiences - A National Internet Project: The Electronic Information Browser Service will be a national arts registry and referral service, designed as an interactive marketing and promotions tool for the arts. .... \$22,500  
 Canadian International Dragon Boat Festival Society ..... \$9,000  
 Canadian Native Arts Foundation - The 1996 Aboriginal Achievement Awards. . . . \$6,000  
 Canadian Native Arts Foundation - National Aboriginal Achievement awards . . . \$45,000  
 Canadian Northern Children's Festival Society . . . . . \$2,300  
 Carrefour International De Theatre De Quebec. . . . . \$65,000  
 Carrefour Mondial De L'accordeon . . . . . \$13,500  
 Centre Bras D'or Association 1996 Festival of the Arts - The Festival presents various concerts with performers of local, national and international stature. . . . . \$7,800  
 Centre Culturel Francophone De Vancouver . . . . . \$400  
 Centre Culturel Francophone De Vancouver. . . . . \$4,500  
 Centre D'arts D'orford J.M.C. . . . . \$20,000

Centre International D'art Contenvorain De Montreal ..... \$58,500  
 Children's Festival De La Jeunesse ..... \$2,000  
 Chinese Cultural Centre Of Greater Toronto — To construct a 40,000 square foot cultural centre in Scarborough, Ontario, constitute of an art gallery/exhibition area, a resource centre, studios, meeting rooms and office space for community organizations. .... \$450,000  
 Cite Des Arts Et Des Nouvelles Technologies De ..... \$32,400  
 Cite Des Arts Et Des Nouvelles Technologies De. .... \$30,000  
 Coastal Jazz And Blues Society—The Vancouver International Jazz Festival ..... \$12,250  
 Corce International Des Arts De La Scene . . . . . \$45,000  
 Concours De Musique Du Canada Inc . . . . . \$75,000  
 Concours International De Musique De Montreal ..... \$50,000  
 Cooperative Du Centre Des Arts - Wellington, Ile-du-Prince-Edouard. .... \$3,000  
 Corporation Du Centre D'art De Baie Saint Paul . . . . . \$40,500  
 Corporation Rimouski 1696-1996. . . . \$10,000  
 Dance Arts Vancouver Society - The Kiss Project . . . . . \$9,000  
 Dawson City Music Festival Association—To replace items lost in a fire over the summer of 1996. .... \$4,500  
 Deux Mondes Conmagnie De Theatre . . . . . \$405,000  
 Domaine Forget De Charlevoix Incorpore . . . . . \$45,000  
 Eastern Front Theatre Society —On the Waterfront Festival 1996 . . . . . \$4,500  
 Ex Machina . . . . . \$509,350  
 Expression Centre Dexposition De St-hyac Inc. S. . . . . \$34,000  
 Federation Culturelle Canadienne



# THE TAXPAYER

Francaise . . . . .	\$6,000
Festi Jazz International De Rimouski . . . . .	\$13,500
Festival Acadien De Caraquet Incorpore . . . . .	\$8,000
Festival By The Sea . . . . .	\$11,700
Festival D'ete International De Quebec . . . . .	\$65,000
Festival D'ete International De Quebec . . . . .	\$162,000
Theatre Festival Of The Americas . . . . .	\$125,000
Festival International De Jazz De Montreal . . . . .	\$98,700
Festival International De Lanaudiere Incorpore . . . . .	\$32,250
Festival International De Musique Baroque Inc . . . . .	\$26,250
Festival International De Nouvelle Danse - Montreal, Qubec . . . . .	\$107,000
Festival International De Theatre Jeune Public . . . . .	\$67,500
Festival Of The Sound . . . . .	\$50,000
Festival Quebecois De La Releve Theatrale . . . . .	\$27,869
Francofolies De Montreal Incorpore . . . . .	\$52,650
Friends Of Spring Incorporated . . . . .	\$15,000
Fringe Festival Of Independent Dance Artists. . . . .	\$18,000
The Sudbury Fringe Theatre Festival - Dedicated to the presentation of new and alternative theatre. . . . .	\$20,000
Fringe Of Toronto Theatre Festival . . . . .	\$26,000
Great Northern Arts Festival . . . . .	\$20,000
Hamilton Wentworth Creative Arts Earth-song 1996—a free admission festival. . . . .	\$20,000
Hamilton Wentworth Creative Arts 1996 Festival of Friends—the festival is attended by over 200,000 each year and remains free due in large part to government funding . . . . .	\$20,000
Harbourfront Centre Harbourfront Corporation 1990—1996 - Milk International Children's Festival. It will feature theatre productions from Canada, Belgium, France and India. . . . .	\$67,500
Harbourfront Centre Harbourfront Corporation - Molson Dry Front Music Front . . . . .	\$45,000
Harrison Festival Society . . . . .	\$1,400
Huntsville Festival Of The Arts . . . . .	\$20,000
London International Children's Festival . . . . .	\$27,000
Manitoba Theatre Centre - 1996 Winnipeg Fringe Festival. . . . .	\$4,875

Manitoba Theatre For Young People Inc. . . . .	\$38,600
Mayworks Festival Of Working People And The Arts Ontario - related to the 125th anniversary of the Labour Council of Metropolitan Toronto. Photo and art exhibits, . . . . .	\$10,000
Nussionfest Music Society. . . . .	\$9,000
Musique Royale . . . . .	\$5,200
Musiques Du Monde . . . . .	\$20,250
Nanaimo Community Archives Society - To display to the Canadian public significant Canadian artwork which reflects Canada's cultural diversity. . . . .	\$15,000
National Ballet School—The National Ballet School requires professional assistance via a feasibility study to explore various alternatives available to upgrade its facilities. . . . .	\$3,500
National Milton Acorn Festival Inc. . . . .	\$5,000
Native Earth Performing Arts Inc. - 1995 Weesageechak Begins to Dance Festival . . . . .	\$10,000
Native Earth Performing Arts Inc. - 1996 Weesageechak Festival . . . . .	\$10,000
Newfoundland And Labrador Arts Council —The Year of the Arts . . . . .	\$350,000
Northern Lights Festival Boreal . . . . .	\$10,000
Okanagan Indian Educational Resources Society —First Nations Pride Camp Festival will promote cultural awareness and pride in First Nations people, through dance exhibitions, drumming, storytelling, and artist talks. . . . .	\$10,000
Opera Ontario Inc.—The American Liszt Society Festival Franz Liszt . . . . .	\$5,000
Ottawa International Jazz Festival Inc. . . . .	\$33,000
Pacific Music Industry Association . . . . .	\$9,000
Performers For Literacy. . . . .	\$5,000
Playwrights Theatre Centre . . . . .	\$9,000
Powell River Academy Of Music . . . . .	\$9,000
Prince Albert Arts Board Inc. - Design Phase of the Prince Albert Centre for Visual and Performing Arts. This will include: preliminary design, architectural, structural, mechanical, electrical and landscaping. . . . .	\$250,000
Prince Edward Island Council Of The Arts - 1996 Festival of the Arts . . . . .	\$4,350
Productions Plateforme Incorpore . . . . .	\$40,500
Regent Theatre Foundation . . . . .	\$15,000

Regina International Children's Festival . . . . .	\$6,180
Resource Centre For The Arts . . . . .	3,400
Royal Winnipeg Ballet — Residence Construction and Purchase and Renovation of Workshop . . . . .	\$65,000
Salon Du Livre De Toronto . . . . .	\$10,000
Saskatchewan Jazz Festival Inc. . . . .	\$6,095
Satellite Video Exchange Society - Emergency Assistance for Archival Shelving . . . . .	\$9,000
Scotia Festival Of Music . . . . .	\$5,933
Semaine Mondiale De La Marionnette . . . . .	\$30,000
Semaine Mondiale De La Marionnette . . . . .	\$15,000
Society Of Women In Music - Women in Music Conference . . . . .	\$7,200
Sound Arts Initiatives Inc.—Sound Symposium 1996 has a mandate to encourage and provide a forum for artists to explore the relationships of sound to their art forms. . . . .	\$17,600
Stratford Shakespearean Festival Foundation Of Canada - Stratford, Ontario Front-of-House Renovation Project . . . . .	\$217,998
Theatre Du Nouvel Ontario Inc . . . . .	\$315,000
Three Centuries Festival . . . . .	\$45,000
Vancouver Arts Stabilization Team - The assistance will contribute to the strengthening and stabilization of major arts institutions in British Columbia. . . . .	\$157,653
Vancouver Arts Stabilization Team - The program's goal is to strengthen the management capacity of small and medium- sized non-profit arts organizations. VAST will provide technical assistance at strategic points during the application process. . . . .	\$26,500
Vancouver Cultural Alliance— "Bravo Vancouver" Tourism Project to Market the Arts . . . . .	\$45,000
Vancouver International Film Festival Society — The Screenwriters Art. . . . .	\$13,500
Vancouver International Film Festival Society— Film and Television Trade Fonun . . . . .	\$12,600
Wikwemkong development Commssion - Three Fires Music Festival which highlights Aboriginal performing and visual artists . . . . .	\$14,950
Young Men's And Young Women's Hebrew Association Of Montreal . . . . .	\$22,500
Total Program . . . . .	\$5,832,733



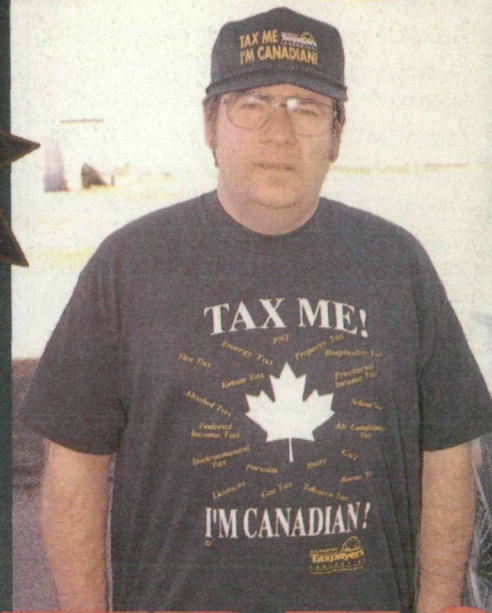
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